A STUDY OF THE CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974: REALITIES AND IMPLICATIONS FOR THE DEPARTMENT OF DEFENSE

Jonathan Hubert Gates

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A Study of the Congressional Budget and Impoundment Control Act of 1974: Realities and Implications for the Department of Defense

by

Jonathan Hubert Gates
and
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December 1975

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A Study of The Congressional Budget and Impoundment Control Act of 1974: Realities and Implications for the Department of Defense

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TABLE OF CONTENTS

I. INTRODUCTION ---------- 12

II. DEFINITION OF PROBLEM ---------- 17

A. CONGRESSIONAL BUDGET REFORM INITIATIVES ---------- 17

B. PERTINENT ISSUES AND QUESTIONS ---------- 19

C. INTENT OF STUDY ---------- 23

III. DESIGN OF INVESTIGATION ---------- 25

A. RESEARCH DESIGN SUMMARY ---------- 25

B. RESEARCH CONSTRAINTS AND LIMITATIONS ---------- 25

IV. PRESENTATION OF FINDINGS ---------- 27

A. HISTORICAL SETTING ---------- 27

1. Past Reform Efforts ---------- 27
2. Nixon Administration ---------- 28
3. Final Enactment ---------- 29
4. Summary ---------- 31

B. DESCRIPTIVE ANALYSIS OF THE CONGRESSIONAL BUDGET ACT (P.L. 93-344) ---------- 31

1. Title I - Establishment of House and Senate Budget Committees ---------- 31

a. General ---------- 31
b. Membership/Organization ---------- 32
c. Staffs ---------- 35
d. Jurisdiction ---------- 35
e. Self-Perceptions and Intra-Congressional Relationships ---------- 37
f. Relationships with the Executive Branch and Its Agencies ---------- 42
g. Liaison with the Department of the Navy ---------- 43
h. Summary ---------- 43

2. Title II - Congressional Budget Office ---------- 45

a. General ---------- 45
b. Responsibilities, Duties and Organization ---------- 45
c. Staffing ---------- 50
d. Functions of the Budget Analysis Division ---------- 51

e. Functions of the National Security and International Affairs Division ---------- 54
f. Relationships with Congressional Agencies ----- 56
g. Relationships with Committees and Members of Congress ---------- 57
h. Relationships with the Executive Branch and Its Agencies ---------- 58
i. Computer Capability ---------- 60
j. Summary ---------- 60

3. Title III - Congressional Budget Process ---------- 61

a. Overview ---------- 61
b. The Current Services Budget ---------- 64
c. President's Budget Submission ---------- 65
d. Committees' Report to the Budget Committees --- 66
e. The Congressional Budget Office's Report to the Budget Committees ---------- 66
f. Budget Committees Report the First Concurrent Resolution ---------- 67
g. Committees Report Bills and Resolutions Authorizing New Budget Authority ---------- 67
h. Congress Completes Action on First Budget Resolution ---------- 67
i. Congress Completes Action on Appropriation and Entitlement Bills ---------- 68
j. Congress Completes Action on Second Budget Resolution ---------- 69
k. Action Completed on Reconciliation Bill ------- 69
l. Timetable and Timing Problems ---------- 70
m. Summary ---------- 71

4. Title IV - Provisions to Improve Fiscal Procedures ---------- 72

a. Procedures for Backdoor Spending Legislation -- 72
b. Deadline for Reporting Authorizing Legislation ---------- 74
c. Congressional Budget Office Analyses ---------- 75
d. Jurisdiction of Appropriations Committees ----- 75
e. Summary ---------- 76

5. Title V - Change of Fiscal Year ---------- 76

a. Background ---------- 76
b. Accounting Procedures ---------- 76
c. Summary ---------- 76

6. Title VI - Amendments to the Budget and Accounting Act of 1921 ---------- 78

a. General ---------- 78
b. Matters to be Included in the President's Budget ---------- 78
c. Mid-Year Review ---------- 85
d. Five-Year Budget Projections ---------- 85
e. Allowances for Supplemental and Uncontrollable Expenditures ---------- 87

f. Current Services Budget ---------- 89
g. Off-Budget Activities ---------- 91
h. Advance Requests for Authorizations ---------- 91
i. Summary ---------- 92

7. Title VII - Program Review and Evaluation --------- 93

a. General ---------- 93
b. Review and Evaluation by Congressional Committees ---------- 93
c. Review and Evaluation by the Comptroller General ---------- 94
d. Studies of Budget Reform Proposals ---------- 95
e. Summary ---------- 95

8. Title VIII - Fiscal and Budgetary Information ----- 96

a. General ---------- 96
b. Budgetary and Program Data Systems ---------- 96
c. Changes in Functional Categories ---------- 100
d. Summary ---------- 100

9. Title IX - Effective Dates and Miscellaneous Provisions ---------- 101

a. Miscellaneous Provisions ---------- 101
b. Exercise of Rulemaking Authority ---------- 102
c. Effective Dates ---------- 102
d. Summary ---------- 104

10. Title X - Impoundment Control ---------- 104

a. Background ---------- 104
b. Disclaimer ---------- 105
c. Amendment to Antideficiency Act ---------- 105
d. Repeal of Existing Law ---------- 106
e. Rescission of Budget Authority ---------- 106
f. Deferral of Budget Authority ---------- 106
g. Role of Comptroller General ---------- 107
h. Additional Reports ---------- 107
i. Executive Implementation ---------- 108
j. Summary ---------- 108

C. FUNCTIONAL ANALYSIS OF THE CONGRESSIONAL BUDGET ACT ---- 109

1. Horizontal View ---------- 109

2. The Hill Troika/Input-Outputs ---------- 110

a. CBO Duties ---------- 110
b. SBC Duties ---------- 110
c. HBC Duties ---------- 110
d. Executive Branch/DOD Budget Data Requirements ---------- 114

3. Time-Phasing Comparison ---------- 116

4. Impressions and Attitudes Concerning Success of the Reforms ---------- 119

5. Implications and Potential Problems ---------- 119

a. Staffing and CBO Employment ---------- 119
b. Improved Information Flow and Disclosure ------ 122
c. Sensitivities of Legislative Jurisdiction ----- 124
d. Congressional Decision Making Processes ------- 126

V. CONCLUSIONS AND SUGGESTIONS ---------- 130

A. GENERAL ---------- 130

B. SYNOPSIS ---------- 130

1. Catalysts of Budget Reform ---------- 130
2. Executive-Legislative Relationships ---------- 131
3. Intra-Congressional Conflicts ---------- 132
4. Congressional Decision Making Process ---------- 133
5. Improved Budgetary Information ---------- 134
6. Setting National Priorities ---------- 134
7. Timetable and Timing ---------- 135
8. Success or Failure ---------- 136

a. Factors Pointing to Success ---------- 136
b. Problem Areas ---------- 136

9. Implications and Problems for DOD and Navy -------- 139

C. SUGGESTIONS FOR FURTHER RESEARCH ---------- 141

APPENDIX A - Details of Research Methodology ---------- 143

APPENDIX AA - Study Topics/Questions Submitted to the CBO -------- 150

APPENDIX B - House Budget Committee Members ---------- 152

APPENDIX C - Senate Budget Committee Members ---------- 153

APPENDIX D - Senate Budget Committee Task Forces and Members ----- 154

APPENDIX E - House Budget Committee Task Forces and Members ------ 155

APPENDIX F - SBC/HBC/CBO Staff Employment Background ---------- 157

APPENDIX G - Budget Functional Classification Codes and Titles --- 158

BIBLIOGRAPHY ---------- 160

INITIAL DISTRIBUTION LIST ---------- 165

LIST OF FIGURES

1. Formal Information Flow Between Congress/DON ---------- 44

2. CBO Organization Chart ---------- 49

3. Congressional Budget Timetable ---------- 62

4. Budget Process Comparison ---------- 63

5. Budget Authority by Function for Fiscal Year 1976 ---------- 88

6. Implementation Schedule ---------- 103

7. The Hill Troika/Inputs-Outputs ---------- 111

8. Executive Branch/DOD Budget Data Requirements ---------- 115

9. Time-Phasing Comparison ---------- 117

TABLE OF ABBREVIATIONS

Act*	Congressional Budget and Impoundment Control Act of 1974
AMS*	American Management Systems, Inc.
CBO	Congressional Budget Office
CRS	Library of Congress Research Service
DOD	Department of Defense
DON	Department of Navy
FY	Fiscal Year
FYDP	Five Year Defense Plan
GAO	General Accounting Office
HAC*	House Appropriations Committee
HASC*	House Armed Services Committee
HBC*	House Budget Committee
HEW	Health, Education and Welfare
JEC	Joint Economic Committee
NAVCOMP	Navy Comptroller Office
NAVCOMPLIA*	Navy Office of the Comptroller, Appropriations Committees Liaison
OLA	Navy Department Office of Legislative Affairs
OMB	Office of Management and Budget
OP-906	Naval Operations Congressional Office and Policy Coordination Branch
OSD	Office of the Secretary of Defense
OTA	Office of Technology Assessment
PA&E	Program, Analysis and Evaluation
PPBS	Planning, Programming and Budgeting System
R&D	Research and Development
SAC*	Senate Appropriations Committee
SASC*	Senate Armed Services Committee
SBC*	Senate Budget Committee
TF*	Task Force

*Indicates that the abbreviations were originated by the authors and are not known to be commonly accepted or recognized.

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I. INTRODUCTION

On July 12, 1974, the President of the United States signed into law the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93-344). Embodied in this law are budget reforms prompted primarily by a widespread concern that the national legislature should participate more fully with the Executive Branch of government at every step in the determination of revenues and the expenditure of public monies. Thus, Congress seeks through this Act to reassert itself as a more effective partner with the Executive Branch in managing the Nation's finances and economy.

On the basis of the Constitution and traditional legislative prerogatives, Congress claimed exclusive control over the purse through the taxation, authorization and appropriation processes. However, in the past fifty years, this power was exercised through piecemeal responses to a budget prepared and submitted by the Executive Department. This fragmented approach led to a steady erosion of Congress' constitutional power of the purse and consequently handicapped its ability to effectively discharge its responsibilities in reviewing the Federal budget. Concern regarding ineffective Congressional budget control reached a peak in 1972 when President Nixon stated:

> The present Congressional system of independent, unrelated actions on various spending programs means that the Congress arrives at total Federal spending in an accidental, haphazard manner. That is no longer good enough procedure for the American people . . . [Ref. 71].

This challenge by Nixon may be interpreted as providing impetus for the Legislative Branch to handle one of its most basic responsibilities

under the Constitution - the power of the purse. Ultimately, the role of Congress in our system of government was also at stake [Ref.33, p. 48].

Thus, two major forces were behind the 1974 Congressional budget reform effort: one was Congress' self-recognized need to correct deficiencies in the existing budgetary process and act with fiscal responsibility; the other was its need to confront presidential dominance and reassert its own priorities and prerogatives in the Federal budget process. Underlying both of these forces, was a growing concern for the state of the Nation's economy and a realization that the United States' resources were becoming scarce [Ref. 42, p. 1].

The stated purposes of the Act are:[1] the Congress declares that it is essential --

(1) to assure effective Congressional control over the budgetary process;

(2) to provide for the Congressional determination each year of the appropriate level of Federal revenues and expenditures;

(3) to provide a system of impoundment control;

(4) to establish national budget priorities; and

(5) to provide for the furnishing of information by the executive branch in a manner that will assist the Congress in discharging its duties.

It does not eliminate the existing authorizing and appropriating procedures, but establishes new supplemcntary budget review processes which

---

[1]Excerpt from Section 2 of Public Law 93-344 (H.R. 7130), 12 July 1974.

allow Congress to determine national budget policies and priorities. The Act also establishes procedures for legislative review of impoundments[2] proposed by the President. As the major feature of this budget reform, the new process provides a framework for Congress to make mathematically consistent annual decisions about total Federal budget authority,[3] expenditures (outlays), revenues, public debt levels and budget surplus or deficit. Most importantly, this initial budget review by the entire membership of Congress reconciles annual revenues with total annual spending and results in a joint Congressional budget resolution. These fiscal guidelines can then serve to restrain Congress as it proceeds with its customary decisions regarding annual appropriations and other spending authority for each Federal program.

To assist Congress in meeting these new responsibilities, the Act authorizes House and Senate Budget Committees (HBC and SBC) and a Congressional Budget Office (CBO). The Budget Committees review all proposals for Federal spending, formulate recommendations in regard to the tentative and final Congressional budgets and prepare concurrent resolutions on the budget. The CBO provides an analytical capability to assist the committees of Congress, especially the Budget Committees. The

---

[2]Executive action, or inaction, that prevents the obligation and expenditure of funds previously authorized and appropriated by Congress.

[3]Authority provided by law to enter into obligations which will result in immediate or future outlays involving Government funds, except that such term does not include authority to insure or guarantee the repayment of indebtedness incurred by another person or government.

CBO will monitor the economy, estimate the impacts of proposals for new budget authority, analyze the costs and effects of alternative budget choices and improve the flow and quality of budget information. The Act also requires adherence to a rigid timetable for carrying out each major step in the Congressional budget process and changes the Federal fiscal year to begin 1 October rather than 1 July. To further help Congress, additional data is to be submitted in the President's January budget (e.g., estimated and actual revenues for the last completed fiscal year, itemization of tax expenditures, five-year budget projections, etc.); requests for the authorization of new budget authority are to be submitted one year in advance; and the President will submit a current services[4] budget by 10 November of each year.

The Act's budget reforms represent the most important change to take place in the legislative budget process since enactment of the Budget and Accounting Act of 1921. These reforms will have an impact on Congressional budget review and decision making processes and consequently will alter budgetary initiatives of the Executive Department. This thesis will assess this impact by providing an historic insight into the Act and by analyzing the structural aspects of the new process, with particular emphasis on the realities of Congressional budget reforms. Its primary contribution will be an overview of a new, evolving process which will serve as a basis for further research in this area of general interest.

---

[4]Estimated expenditures and proposed budget authority which would be included in the President's budget for the ensuing fiscal year if all programs and activities were carried on at the same level as the fiscal year in progress (base year-FY76) and without policy changes. The purposes of the current services budget are to give Congress an early start on its budget work and to provide "baseline" information against which the President's budget and alternatives can be compared.

In discussing the Act's various provisions and implications, a basic understanding of the legislative budget review process prior to the 1974 reform is assumed. To expand this knowledge base, Chapter II provides additional background concerning the past deficiencies of the legislative budgetary process and poses several pertinent issues or questions for consideration in proceeding to study and assess the Act's probable impacts. Chapter III briefly discusses the research design. In Chapter IV, the Act will be examined from three different perspectives. The first section provides a brief historical setting of events leading up to enactment of the Congressional Budget and Impoundment Control Act of 1974. The second section develops a title-by-title descriptive analysis of the Act's provisions. In this regard, the Act's legal structure is employed for two reasons: to provide the reader with a basic explanation of the Act, and to provide a logical framework for presenting and discussing the authors' findings. The final section provides a functional analysis and recapitulation of the Act's provisions and outlines several issues and potential problems which pervade the legislative budget reform effort. Throughout, particular emphasis will be given to aspects which have potential impacts for the Department of Defense (DOD) and the Navy. Chapter V summarizes the findings, draws conclusions and offers suggestions for further research.

II. DEFINITION OF PROBLEM

A. CONGRESSIONAL BUDGET REFORM INITIATIVES

In any given year, the Federal budget is the most important single expression of the United States government's priorities. Yet, until recently, Congress had no way of viewing or examining the aggregate budget. It had no means of setting budget priorities; no means of coordinating expenditures and revenues; in short, Congress addressed the Federal budget in a fragmented manner - lacking any type of wholistic rationale. Representative Charles E. Bennett (D-Fla) described these Congressional budget process deficiencies rather pointedly:

> Congress, as now operating, can be compared to a poorly run corporation. There are 500 men on the board of directors, a board that won't pass on the corporation's annual budget. It has no overall mastery of the total budget and no real list of priorities.
>
> Only a handful of the Members really understand the issues behind the separate budgets; so, trusting their specializing colleagues, they vote in favor of measure after measure largely on the basis of whether the programs appear good rather than on whether they are good and can be afforded.
>
> It seems amazing that the Federal Government's legislative branch, handling the biggest budget in the world, has so poor a grip on the fiscal process [Ref. 66, PT.1, p. 118].

The reasons for budget reform are varied, and many are deep-rooted in the rapid and complex growth of the United States itself. Mr. George Gross, General Counsel, House Committee on the Budget, mentioned four possible causes in his general explanation of the Congressional Budget and Impoundment Control Act of 1974.

First, the size of the Federal budget has grown immensely in the last fifty years, with the debt alone rising from $1 billion to $500 billion. Additionally, he noted that the budget has now become a principal tool used to determine governmental goals and economic growth.

Second, earlier efforts at budget reform merely enhanced and centralized budgetary authority within the Executive Branch, while allowing further fragmentation within Congress.

The third cause Mr. Gross cited is the very nature and timing of Congressional budget actions. For example, "back-door spending"[5] accounts for 56 percent of all spending; over 75 percent of the budget is relatively uncontrollable[6] and growing rapidly; little coordination exists between Congressional budget actions and Executive Branch expenditures for any given year; and the necessity for many Federal agencies to operate under continuing resolutions until such time as new fiscal year appropriation bills can be approved.

Finally, he concluded that the increased use of impoundments by the Executive Branch had weakened Congress' constitutional power to establish spending priorities [Ref. 23, p. 1-2].

Thus, over the years, Congress had developed feelings of frustration and subordination in attempting to grapple with the budget determination capacity of the Executive Branch. In short, Congress had, in its own eyes, lost the power of the purse to the Executive Branch. The Congres-

---

[5]The authorized expenditure of funds outside of or prior to the appropriations process.

[6]Expenditures are considered relatively uncontrollable in any one year when legislative decisions in that year can neither increase nor decrease them without changing existing substantive law.

sional Budget and Impoundment Control Act of 1974 was formulated and enacted to provide the necessary means for Congress to reassert itself and regain control over an ever increasingly complex budgetary process.

Senators and Representatives of both parties praised enactment of the new bill. Senator Charles H. Percy (R-Ill) noted:

> The budget reform legislation represents one of those historic turning points in the evolution of our institution, a reversal of the accelerating erosion of the congressional power of the purse, a reassertion of our correct role in the American plan of government [Ref. 24, p. 734].

Senator Sam J. Ervin, Jr. (D-NC) stated "this is one of the most important pieces of legislation that Congress has considered since the First Congress " [Ref. 25].

Although the Act was overwhelmingly supported by Congress, the new budget process does represent a departure from the past. Congress must transform their process of enacting the Federal budget from a piecemeal approach into a rational, systematic approach. Accordingly, like anything new and as potentially vital as the new Act might be, there are many significant issues and questions which should be examined before the final impacts become discernible.

B. PERTINENT ISSUES AND QUESTIONS

1. Catalysts of Budget Reform

What really prompted enactment of the Congressional Budget and Impoundment Control Act of 1974? It has long been recognized that the Congressional budgetary process was deficient in many ways, but why was a law enacted at this particular point in the history of the United States? What were the events that led up to 12 July 1974?

2. Executive-Legislative Relationships

Past Director of the Bureau of the Budget, Harold Smith, has written:

> The relationship between the Legislative and the Executive Branches largely determines the success or failure of democratic government. Hence the budget, because it is at the same time the most important instrument of legislative control and of executive management, is at the very core of democratic government [Ref. 54].

Major revisions in the Federal budgetary process can be expected to alter traditional Executive-Legislative relationships; and, in a more fundamental sense, effect the processes and outcomes of democratic government [Ref. 9, p. 7]. What will be the implications and realities of these changing relationships? Will the President willingly permit Congress to usurp some of his initiative and dominance in shaping the Federal budget? Since the budget expresses and embodies the objectives of his Administration, should a president reasonably be expected to provide Congress advance budget estimates and projections which might divulge his future plans and therefore restrict his future decision alternatives or fiscal options?

3. Intra-Congressional Conflicts

With the formation of the two new Budget Committees, initial struggles could develop within the Congress as committees and members discover new roles and vie for power. What will be the relationships of the HBC and the SBC with each other and with other Congressional committees? What new alliances and coalitions will develop?

Samuel M. Cohn, a former Assistant Director of the Office of Management and Budget (OMB), was recently quoted as saying, "There's a potential conflict between the Budget Committees and every committee on

the Hill " [Ref. 7, p. 2417]. With each Congressional committee and subcommittee looking out for Federal programs within its jurisdiction, the Budget Committees will undoubtedly encounter resistance when recommending budget priorities and limits. How will these new committees cope with and effect Congress' existing power structure?

4. Congressional Decision Making Process

The Act now gives Congress a mechanism to match the budget determination capabilities of the Executive Branch. Can this new budget process be effectively employed by an institution in which authority is fragmented by design? Can a body without a chief executive, a body of members with substantially equal powers and varied constituencies, and a body of powerful and competing committees discipline itself to play a role comparable to that of the Executive Branch in the Federal budgeting process? [Ref. 35, p. 48-49]. Can such a body traditionally concerned with details and given to specialization simultaneously generalize and synthesize an integrated Federal budget?

5. Improved Budgetary Information

Congress, previously, has lacked its own budget analysis capability and has had to rely on budgetary information provided by Executive Department agencies. Realizing that good information is a necessity for exercising its constitutional responsibilities, Congress has corrected this deficiency by creating its new analytical arm, the CBO.

Can the CBO support the informational and analytical requirements of Congress? Will the CBO be able to remain neutral and avoid advocacy?

6. Setting National Priorities

One of the declared purposes of the Act is to establish national budget priorities. Exactly who will establish these priorities, and what criteria will be utilized in establishing them?

7. Timetable and Timing

In assuming more responsibility, Congress has created more work for itself. More work means more time. Accordingly, Congress has adopted a rigid and intricate timetable for its work. How will Congress react now that it must meet deadlines which it has set for itself? Some believe that the timetable and the procedures are so complicated that Congress will either ignore them or fail miserably in meeting their deadlines.

8. Success or Failure

The Federal budget process is a highly complicated business. Sensitive to past budget reform failures, the Congress is now resolved to exercise powers which have laid dormant for years. Even if Congress survives internal stresses and performs as the Act intends, can they cope with the rest of the bureaucracy? Ironically, the Budget Committees and the CBO represent yet another layer of bureaucracy to be dealt with in the Federal budget process. Can Congress, as a political institution designed to operate incrementally, discipline itself enough to make the Act work? If the process is found to be unworkable in its present form, what modifications will be required to make these budget reform measures workable?

9. Implications and Problems for DOD and Navy

The implications and possible problems for DOD and the Navy could be extensive. Despite national security threats or the prevailing defense sentiments (pro or con) of Congress, approximately 65 percent of DOD's budget is largely controllable[7] and subject to annual review. By comparison, this portion represents approximately 18 percent of the total Federal budget or a sizeable share (about 70 percent) of the entire controllable amount (25 percent). In short, DOD has a lot at stake. Will the new process subject the defense budget to closer scrutiny and/or debilitating reductions? Can DOD be expected to provide more detailed or additional budget submission data? Will Congressional budget analyses probe more deeply into internal DOD program/budget review and decision making processes? Will Congress now require greater access to defense intelligence estimates and threat assessments as it reviews the DOD budget request? What will be the nature of the Budget Committees' defense issue hearings?

C. INTENT OF STUDY

In light of these all-pervasive issues, it is important that the realities and implications of the new Congressional Budget Control Act be analyzed and understood. The authors intend to investigate the issues outlined above and discuss how the new budget process will in fact operate. The primary thrust of the research will involve a study of the new

---

[7]Approximately 75 percent of the Federal budget is considered relatively uncontrollable under existing law, and the uncontrollables represent the fastest rising part of the total budget [Ref. 23, p. 2].

Congressional budget procedure, its organizational structure, and newly established bodies - specifically, the CBO and the staffs of both the House and the Senate Budget Committees. The objective is to provide insight into the interworkings of these Congressional bodies and through personal interviews and observations ascertain the basic philosophies of those staff members intimately involved in the Congressional budget process. In this manner, it is hoped to underscore the importance of this new Act and offer insights and assessments which will aid DOD and the Navy in providing positive responses to Congress' new informational requirements.

III. DESIGN OF INVESTIGATION

A. RESEARCH DESIGN SUMMARY

The area chosen for study was decidedly large, complex and new. Since there was little written information available beyond basic general explanations of the Act's legal provisions, the authors concluded that necessary information and insights could be obtained only from those individuals intimately involved and familiar with the Act. Consequently, the basic research methodology chosen was to conduct semi-structured interviews with selected persons involved in the new Congressional budget process. The major input to the thesis came from ten days (2-13 September 1975) of research and interviews in the Washington, D.C. area. For the most part, Congressional committee interviews were limited to senior staff members. A more detailed outline of the research effort is contained in Appendix A.

B. RESEARCH CONSTRAINTS AND LIMITATIONS

The budget process is a very central and important function of the Federal government that involves or influences many individuals. Although the interview sample was selective, it was small (n = 35). Also, the investigation was limited primarily to those individuals specifically involved in analyzing or processing the defense segment of the budget. Consequently, no claim is made for the representativeness of the interview sample or the specific time span. All interviews are to some degree time-bound, and the reader should remain sensitive to the problem of generalizing from information obtained in such a manner. A different group of respondents or choice of timing probably would have resulted in

somewhat different answers and perceptions. Due to the vastness of the subject area and research time constraints, this effort is not intended to be a comprehensive or definitive study of the Congressional budget process.

Insights gained in this manner are hard to document, and such procedures seem relatively unscientific, subjective and open to the interpretations and biases of the interviewers. While the shortcomings of this technique are recognized, the less rigorous interview method has been profitably employed in past studies of this type [Refs. 2, 15, 16, 31 and 73]. Results obtained from studies of this nature most often depend on variables which are difficult, if not impossible, to control or quantify. Accordingly, it becomes the responsibility of the researchers to act as a filter and to select for presentation those items considered most relevant. The intent of the presentation is to incorporate and integrate the personal perceptions and insights obtained through interviewing with previously documented information. The reader is requested, therefore, to indulge the judgmental and literary license of the authors.

Anonymity was either explicitly or implicitly guaranteed to each respondent. Thus, in documenting evidence, the authors were unable to directly attribute the findings to anyone specifically.

IV. PRESENTATION OF FINDINGS

A. HISTORICAL SETTING

1. Past Reform Efforts

In reforming its budget procedures, Congress has undertaken an effort embarked on and abandoned nearly 25 years ago. In the Legislative Reorganization Act of 1946, Congress provided for the adoption of a legislative budget to be drawn up each year by the members of the four revenue and appropriations committees [Ref. 16, p. 122].

Similar in some respects to the 1974 Act, the 1946 Act required that Congress set by concurrent resolution a maximum amount to be appropriated for each fiscal year. That appropriations ceiling was part of a legislative budget based on revenue and spending estimates prepared by a Joint Budget Committee which was made up of the House and Senate Appropriations Committees and of the tax-writing House Ways and Means and Senate Finance Committees [Ref. 16, p. 629].

In 1947, conferees failed to agree on Senate amendments to the budget resolution. In 1948, the resolution was approved by both chambers, but Congress appropriated $6 billion more than its own legislative budget ceiling. In 1949, the legislative budget never was produced, and Congress abandoned that section of the Legislative Reorganization Act of 1946 which had inaugurated the scheme [Ref. 26, p. 397].

After failure of the legislative budget, Congress in 1950 enacted an omnibus appropriations bill wrapping all appropriation requests in a single measure. Congress again abandoned the process in the following year.

In 1952 and many times again in subsequent years, the Senate passed a bill creating a Joint Committee on the Budget. The House, however, did not take similar action, thereby forestalling any reform.

2. The Nixon Administration

Thus, the Congressional Budget and Impoundment Control Act of 1974 had its origin in this background of reform attempts, but it was the Nixon Administration and in particular President Nixon himself who provided the real catalyst. There were a number of things that President Nixon did which precipitated Congress' action.

In his book, The Imperial Presidency, Arthur Schlesinger argued that the Administration was marked by a breakdown of comity between Nixon and the Congress. The concept of comity is at best nebulous, but according to James P. Pfiffner, it is meant to "connote a degree of restraint in interbranch relations that allows informal norms to keep disputes from getting out of hand" [Ref. 42, p. 8]. Comity implies a degree of friendly civility which apparently was lacking under Nixon's leadership. President Nixon's attitude of confrontation vice accommodation towards Congress has been well documented. Pfiffner cites the special use of the pocket veto [Ref. 46] and the attempted dismantling of the Office of Economic Opportunity [Ref. 58] as examples contributing to the breakdown of comity between the Nixon Presidency and Congress.

While the general breakdown in comity provided a backdrop for the deteriorating Executive/Congressional relationships, there was also a specific clash between President Nixon and the Congress over fiscal priorities and budgetary power. The unprecedented manner in which President Nixon impounded funds only served to exacerbate an already

tense situation. Using impoundment procedures as a weapon, he continually undermined Congressional fiscal priorities. Nixon even went so far as to claim that he had the constitutional power to impound funds [Ref. 20].

There were a number of attempts by Congress to curb the Nixon impoundments. There were six bills introduced in the 92nd Congress requiring the President to notify Congress when he impounded funds [Ref. 67, p. 171]. At least 18 bills were introduced in the 93rd Congress to limit presidential impoundment control [Ref. 67, p. 173-174]. In May 1973, Congress again attempted to make the President more accountable when it passed a bill to require confirmation by the Senate of the Director and the Deputy Director of OMB [Ref. 8].

Thus, the tensions which existed between the Presidency and Congress were not only a result of Nixon's leadership style, but also the very real institutional threat he posed. The escalation of Nixon's impoundment actions and the formal powers of OMB presented Congress with a very serious threat to its power of the purse [Ref. 42, p. 16]. It was in this environment that the Congressional Budget and Impoundment Control Act of 1974 was formulated.

3. Final Enactment

A month before the 1972 Presidential election and during consideration of legislation to raise the ceiling on the public debt, President Nixon challenged Congress to pass a law placing a $250 billion ceiling on the Fiscal 1973 budget. Although both chambers adopted the requested limit on spending, they ultimately were unable to agree on what discretion the President should be given to enforce the ceiling. The ceiling was later eliminated by the House--Senate Conferees. However, embedded in this 1972 debt limit legislation (P.L. 92-599), Congress

initiated action to remedy the very problem that made it so difficult to cut the budget. It established a Joint Study Committee on Budget Control and directed it to study:

> ... the procedures which should be adopted by the Congress for the purpose of improving Congressional control of budgetary outlay and receipt totals, including procedures for establishing and maintaining an overall view of each year's budgetary outlays which is fully coordinated with an overall view of the anticipated revenues for that year [Ref. 62, p. 17].

The Joint Study Committee unanimously recommended new Congressional procedures for dealing with the budget in its final report issued in April 1973. Despite significant modifications in the details of budget reform as the study recommendations circulated through the House and the Senate, committee votes were unanimous at every step. The House approved its budget reform bill (HR 7130) by a vote of 386-23, and the Senate version (S 1541) was approved 80-0. Although the House and the Senate bills differed substantially in detail, the overwhelming support clearly indicated the members' common belief that the need for budget reform was far greater than their disagreements over the details of how to achieve it. One important area of dispute was settled in a major conference compromise, when the conferees devised hybrid impoundment control procedures designed to protect the Congressional budget decisions from being overruled by a President who refused to spend appropriated funds. Final action in both Houses was completed in June 1974, and the bill was signed into law 12 July 1974 (P.L. 93-344).

4. Summary

The new Act has two real purposes: (1) to restore to Congress its fiscal responsibility under the Constitution; that is, the power of the purse, and (2) to improve the Congressional budget making process. Virtually every facet of the new Act can be matched with a perceived shortcoming in the earlier process. The impoundment control stems from the large scale withholding of funds under President Nixon; the two Budget Committees derive from the lack of a Congressional means to coordinate tax and spending policies; the Congressional Budget Office from Congressional dependence on the Executive agencies for essential budget data; and the budget resolutions from the absence of any single coherent procedure to determine overall budget totals and priorities.

If the new procedures associated with the Act fail, it will not be for lack of interest in Congress. Although Republicans were a little more restrained than fellow Democrats, both were effusive in their praise of the new legislation. Unfortunately, it will take more than enthusiasm to make the new budget procedures work properly. Unreal as it may seem, many members of Congress are not familiar with the way the Federal budget operates. However, as one House staff aide put it, "No matter what happens, it's got to be an improvement" [Ref. 24, p. 742].

B. DESCRIPTIVE ANALYSIS OF THE CONGRESSIONAL BUDGET ACT (PUBLIC LAW 93-344)

1. Title I - Establishment of House and Senate Budget Committees

a. General

The establishment of Budget Committees, with responsibility for overseeing the entire budget making process, has been central to Congressional plans for budget reform from the onset. Title I, under the

Act, establishes the House and Senate Budget Committees whose focus will be the implementation of macro-economic policy through the budget - something no other Congressional committee has ever done. They have overall responsibility for coordinating Congressional spending and determining fiscal policy requirements, the key actions in Congress choosing among competing national budgetary priorities.

b. Membership/Organization

The Budget Committees consist of 25 members in the House and 16 members in the Senate. The House Budget Committee is the only major committee in Congress to have rotating membership: five from the Ways and Means Committee; five from the Appropriations Committee; 13 at large members; and one member each from the majority and the minority leadership. It is significant that a total of ten members come from committees well versed in appropriations and revenue legislation. This could serve to perpetuate the predominance of two largely conservative committees in budget making decisions. Additionally, it should encourage harmonious working relationships. In February 1975, Representative Brock Adams (D-Wash) was elected committee chairman. The remaining 24 members are divided as follows: 16 Democrat and 8 Republican [Appendix B].

All HBC members are selected by party caucuses, including the Chairman who is not required to have been a member of any specific standing committee. Additionally, two procedural points differ from those of other House committees. First, no member may serve more than four years during any ten-year period. Second, selection of members is made without regard to seniority. The four-year time limitation may present an unusual problem in that this may not allow sufficient time

for the HBC to develop a standing body of budgetary expertise. To lessen this problem, one-half of the original HBC membership was offset two years to allow term overlap. Staff members may be expected to provide this necessary continuity.

The Senate Budget Committee's 16 members have no limitation on length of service nor any quotas for selection from other standing committees. As in the House, all SBC members are selected by party caucuses, including the Chairman. Thus, the SBC membership is relatively permanent in comparison to HBC membership. Additionally, as of January 1977, SBC members may serve on only one other major committee. In July 1974, Senator Edmund S. Muskie (D-Me) was elected chairman. The remaining 15 members are divided as follows: 10 Democrat and 5 Republican [Appendix C].

When the two Budget Committees were organized, they were established to overlay the traditional Congressional committee structure. The Budget Committees were not intended to diminish in any way the responsibilities or prerogatives of other committees. They neither eliminate nor reduce the importance of existing procedures for authorization of programs or appropriation of funds. They are supposed to perform new tasks related to establishing fiscal policy and priorities, and in so doing, facilitate and complement the functions of the existing committees. To this end, both Budget Committees formed Task Forces (TF) to study the critical issues which serve to focus Congress' fiscal and economic decision making. The SBC has thus far created four ad hoc Task Forces: Energy, Defense, Tax Policy and Tax Expenditures, and Capital Needs [Membership contained in Appendix D]. The HBC has formed seven such Task Forces: Budget Process, Tax Expenditures, Economic

Projections, National Security Programs, Human Resource Programs, Physical Resources Programs, and Community Resources Programs [Membership contained in Appendix E]. The first three HBC Task Forces will concentrate on broad general areas as they affect future policy, while the other four have assigned to them the broad, general categories into which many annual, recurring Federally financed programs are divided.

The name Task Force was chosen rather than the normal Congressional title of subcommittee. This apparently was done for several reasons. First, the TF groups were created as ad hoc working committees and are not considered to be permanent in nature. Second, the TF's are not intended to be investigative in the strictest sense of the word, but are to assist in establishing appropriate fiscal policy so that a frame of reference and long-term perspective for making responsible budgetary and economic decisions is present. Finally, the term Task Force was used to avoid a one-on-one confrontation with already entrenched sub-committees of the existing standing committees (e.g., Appropriations, Armed Services and Public Works).

Also, the TF's prefer to call their hearings "seminars." As an example, the HBC Task Force on National Security Programs used a seminar format, with witness statements limited to no more than ten minutes, to educate and acquaint the TF members with DOD operations and problems. These initial seminars were reported to have been excellent learning experiences. The usual "canned" or "staged" testimony was replaced with a very meaningful and multifaceted interchange between witness and Task Force members. Apparently, the TF's will continue to use the "seminar" format and normally hold open hearings.

c. Staffs

Originally, the Joint Study Committee had contemplated a Joint Legislative Budget Staff with a Director who would serve both Budget Committees [Ref. 66, PT. 2, p. 223], but this proposal was abandoned in later versions of the Act. According to House and Senate rules, all standing committees, which the Budget Committees are, are authorized their own staffs. Thus, even if a special staff were formed to serve both committees, there was every reason to expect each to establish its own staff. Consequently, each Budget Committee now has its own staff of approximately sixty persons. On the SBC, each Senator is authorized two personal staff representatives (one professional and one research assistant or secretary). This arrangement is provided since Senators must serve as members of more than one other major committee. HBC member personal staff representatives are much fewer (7 professionals and 7 secretaries) which results in the HBC having a larger core staff available to perform staff analysis.

d. Jurisdiction

The new Budget Committees have been given general jurisdiction over the entire Congressional budget process and related matters. The HBC and SBC have virtually identical jurisdictions. Specifically, their duties are (1) to report at least two concurrent resolutions[8] on the budget each year; (2) to make continuing studies of

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[8]These concurrent resolutions establish Congressional targets for total budget authority, outlays, revenues, deficit and public debt and breakdown the spending (budget authority and outlays) totals in terms of major functions for a fiscal year.

the effect of existing and proposed legislation on Federal spending; (3) to request and evaluate continuing studies of tax expenditures and methods of coordinating tax expenditures with direct budget outlays; and (4) to oversee operations of the CBO. Although the Budget Committees were carefully constituted to avoid threatening established committees' jurisdiction, a potential for conflict still exists. The problem lies in the fact that some interpret the Budget Committees' jurisdiction in a very narrow sense; i.e., limiting their jurisdiction strictly to those items assigned in the Act. Others feel that the Budget Committees' jurisdiction covers all budget related matters which are not strictly within another committee's jurisdiction.

One of the first jurisdictional disagreements arose over the impoundment control portion of the Act late in 1974. The Act requires the President to submit to Congress proposals for deferring or rescinding expenditures that have been previously appropriated by Congress. However, it does not specify which committee in the House or Senate would handle this type of legislation. Confrontation was averted in the House when a parliamentarian ruled that the HBC would not have jurisdiction until at least 1976. However, in the Senate both John L. McClellan (D-Ark), the strong Appropriations Committee Chairman, and Edmund S. Muskie (D-Me), Budget Committee Chairman, claimed jurisdiction. Even a third committee, Public Works, joined the dispute claiming this particular impoundment partly dealt with highway funds. The Democratic Caucus finally ended the debate by proposing a compromise. Deferral and rescission legislation would be referred jointly to both the Budget and the Appropriations Committees, along with any other committees claiming jurisdiction. These committees would then have 20 days to report their

recommendations to the Appropriations Committee. After receipt, the Appropriations Committee is obliged to report the recommendations to the floor whether it favors them or not. The Senate Budget Committee regarded this outcome as a significant victory as it helped to establish the importance of the new committee.

e. Self-Perceptions and Intra-Congressional Relationships

Self-perceived roles of Senate and House of Representative members are fairly well known [Refs. 16, 28 and 73]. The Senate likes to project itself as a conservative, more prestigious body; a great forum acting as a sounding board. In regard to the Senate, Mr. Nelson Polsby notes, ". . . its organizational flexibility enables it to incubate policy innovations, to advocate, to respond, to launch its great debates, in short to pursue the continuous renovation of American public policy through the hidden hand of self-promotion of its members" [Ref. 43]. On the other hand, the House of Representatives conceives itself as a highly specialized instrument for processing legislation. Because of its structured division of labor, the House has a better grasp of details and actively promotes specialized experts. It sees itself as more liberal and closer to its constituents.

Their respective Budget Committees view themselves much in the same light. The SBC sees its role as employing negotiations and not law enforcement. It feels it is necessary to engage in a process of bargaining with other committees in order to establish a meaningful dialogue between all of them. The SBC is inclined to maintain this negotiating role while pointing out the consequences of not following its recommendations, particularly in floor debates. It believes that it is now setting precedence; and, in noting their recent success in influencing

rejection of the conference report on the Fiscal 1976 Defense Weapons Procurement Bill,[9] the authors are inclined to agree. The SBC will probably find it necessary to become more involved in some issues, but their overall approach is to avoid involvement with "line-item" type decisions which it views as the prerogative of the authorizing and appropriating committees. This approach is consistent with the alleged need to acquire a broad understanding of the fiscal implications of national policy decisions.

In comparison, the HBC sees itself more as a prober and motivator. They prefer to do their work with the other committees prior to bills getting to the House floor. Much like its Senate counterpart, the HBC intends to take a macro, forward-looking approach when studying issues rather than getting bogged down in specifics. For example, the HBC eventually would like to show House members a "light at the end of the tunnel" in regard to the Nation's current deficit budgeting problems. Its staffers feel that not much can be done with a budget in one year; therefore, the emphasis should be on the future years. Additionally, it should be noted that the HBC, in keeping with the House's detailed approach, has set up a specific Task Force for dealing with the budget process itself [Appendix E].

Possibly another insight into how Congressmen perceive the Budget Committees' relative importance can be drawn from contrasting the

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[9]On August 1, 1975 the Senate, on urging from the Senate Budget Committee, rejected the Fiscal 1976 Defense Weapons Procurement Conference report (HR 6674). The $25.8 billion authorization for new Defense Department weapons, research and development was turned aside 42-48, as SBC Chairman Muskie (D-Me) argued that the report "will inevitably bust the budget target for National defense" approved by Congress last May [Ref. 32].

Chairman of each committee. It will be recalled that Representative Al Ullman (D-Ore) dropped the chairmanship of the HBC in favor of the House Ways and Means Committee chairmanship. Some observers saw this as a direct blow to the prestige of the House Budget Committee. In comparison, Senator Edmund Muskie (D-Me) surrendered his prestigious Foreign Relations Committee seat in order to become chairman of the Senate Budget Committee [Ref. 51, p. 592].

Relationships between the two Budget Committees have thus far been on an informal or staff working level basis. The prevailing mood is that a good working relationship between the two committees is required and that it should continue in that vein. As an example, HBC staff members intend to discuss alternatives and issues with their SBC colleagues prior to requesting formal studies from the CBO. On the other hand, SBC staff personnel expressed some disdain of the HBC leadership. They felt that the HBC had avoided its responsibilities[10] - a necessary ingredient in making this budget reform process work properly - while the SBC had amply demonstrated its willingness to stand up to the Senate and enforce its spending targets.

Relationships between the Budget Committees and other standing committees are far less clear. The Budget Committees are somewhat analogous to the new kid on the block. In this sense, the Act has given the new committees a very large bat and thrust them directly into the only game in town. However, they must be very careful not to

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[10] In this regard, it was felt that Chairman Adams could have been more vigorous in attempting to enforce budget targets during House floor debates on several spending bills.

overstep their authority. Initially, the Budget Committees have moved very slowly and cautiously within the legal framework mandated, assiduously trying to avoid any direct confrontation with existing standing committees. Throughout this trial run period, they have been working under this handicap. If they recommend setting targets for specific spending programs, they risk alienating other committees without whose cooperation successful budget reform would be doubtful. Thus, it becomes clear that the two committees are attempting to "stake out their turf," while trying to remain nonabrasive.

How long this conciliatory mood will prevail is another question. The SBC seems much less reluctant than the HBC to flex its new muscles as evidenced by Chairman Muskie's strong stance in regard to the Fiscal 1976 Defense Weapons Procurement Conference report. This action has resulted in at least one subtle, operational change according to one SBC staffer. Prior to this "test case," few sought SBC advice; however, other standing committee staffs are now beginning to actively seek out SBC opinions on various issues.

Senator Sam Nunn (D-Ga) is a key man to watch during this evolving process. He is unique in that he serves on both the Senate Budget and the Armed Services Committees. During the floor debate on the Fiscal 1976 Defense Weapons Procurement Bill mentioned above, Senator Nunn noted: "Unless the Budget Committee and the Budget Committee staff begin to relate the difference between authorizations and outlays, we cannot have a responsible defense budget resolution." He further added that he hoped a greater understanding of the budget process would be developed during this debate by the Armed Services Committee, the Appropriations Committee, and the Budget Committee [Ref.

60]. Additionally, one House observer noted that because of the potential force possessed by the SBC, "some senior members of the Senate Appropriations Committee are fearful that in time it might eclipse their committee." Recognizing this concern, Senator Jacob K. Javits (R-NY) warned his fellow SBC colleagues that "under no circumstances should we be considered competitive with or duplicative of the Appropriations Committee " [Ref. 7, p. 2418].

Thus, it appears that only time will tell whether a greater understanding has developed between these active players; but one thing seems certain, the curial "pie" will have to provide an additional, unaccustomed "slice" for the new player - the Senate Budget Committee.

The House Budget Committee has been less forceful, perhaps due to the rotating membership feature or to its actual composition and leadership. Also, they have received less public notice because most of their work has been accomplished at the committee level. Initial feelings among HBC staff personnel were that the House Armed Services Committee viewed them as a threat. This view has apparently passed as the Budget Committee has been very careful in developing and assuming their role. In fact, their efforts thus far have emphasized taking no stand which might provoke a confrontation and thereby threaten the entire process. They believe the reform process must survive. They feel strongly that, with some possible minor modifications, relations with other standing committees will continue to be cordial. Although the HBC failed to achieve bipartisan support for their first budget resolution, the budget reform process apparently is actively supported by both House leadership and committee senior staff members.

As a case in point, Representative George Mahon (D-Tex), Chairman of the House Appropriations Committee, has supported budget reform efforts and will presumably continue to work closely with the HBC.

f. Relationships with the Executive Branch and its Agencies

Relationships between Budget Committee and Executive Branch personnel have, thus far, been informal and friendly. This may be partly due to the desire to get off on the right foot or possibly because many of the defense associated Budget Committee staff personnel were previously employed by Executive agencies, such as OMB and DOD [Appendix F]. Thus, in many cases, these people are acquainted or really are old friends. However, there are several aspects which should not go unmentioned.

OMB has indicated that they would prefer not to serve as a filter for Budget Committee queries directed to other Executive Department agencies, such as the Defense Department. Instead, they prefer to deal with the CBO, using it as the Capitol Hill focal point or "clearing house" for Congressional budget matters.

Also of interest is the fact that the Office of the Secretary of Defense (OSD) Program, Analysis and Evaluation (PA&E) office, the old Systems Analysis shop, was assigned the primary responsibility for dealing with the two Budget Committees rather than the OSD Comptroller organization. This apparently was because of the manner in which Secretary Schlesinger viewed the role of these new Congressional committees. Ostensibly, he must have perceived the Budget Committees as being concerned more with programs and issues rather than with specific line-items and accounting data.

g. Liaison with the Department of the Navy

The Secretary of the Navy assigned the Comptroller of the Navy (NAVCOMP) the primary responsibility for Department of the Navy (DON) relations and liaison with the two Budget Committees and the CBO [Ref. 48]. This assignment was in addition to NAVCOMP's previous Appropriations Committees (HAC and SAC) and General Accounting Office (GAO) liaison duties. Dealings with the four Congressional committees and their staffs are conducted through the NAVCOMP Appropriations Committees Liaison Office (NAVCOMPLIA). (This office is presently staffed by one very capable and extremely busy Navy commander (O-5)). Normally, routine DON Congressional liaison matters and communications are conducted directly with the four Congressional committees and are not formally submitted or filtered through OSD and/or OMB. Figure 1 depicts this flow of information.

h. Summary

The Budget Committees were created to provide Congress an expert perspective on budget totals and on fiscal policy requirements. They must keep track of all the money bills and attempt to enforce target resolutions. They will be performing a function not previously undertaken by any Congressional committee. The Budget Committees will be the primary instruments of change in this new procedure. Its members will be in a position to influence greatly the pattern of Federal spending. Next year they will be under a new kind of pressure - they must discuss spending priorities when they include spending by function

FORMAL INFORMATION FLOW BETWEEN CONGRESS/DON

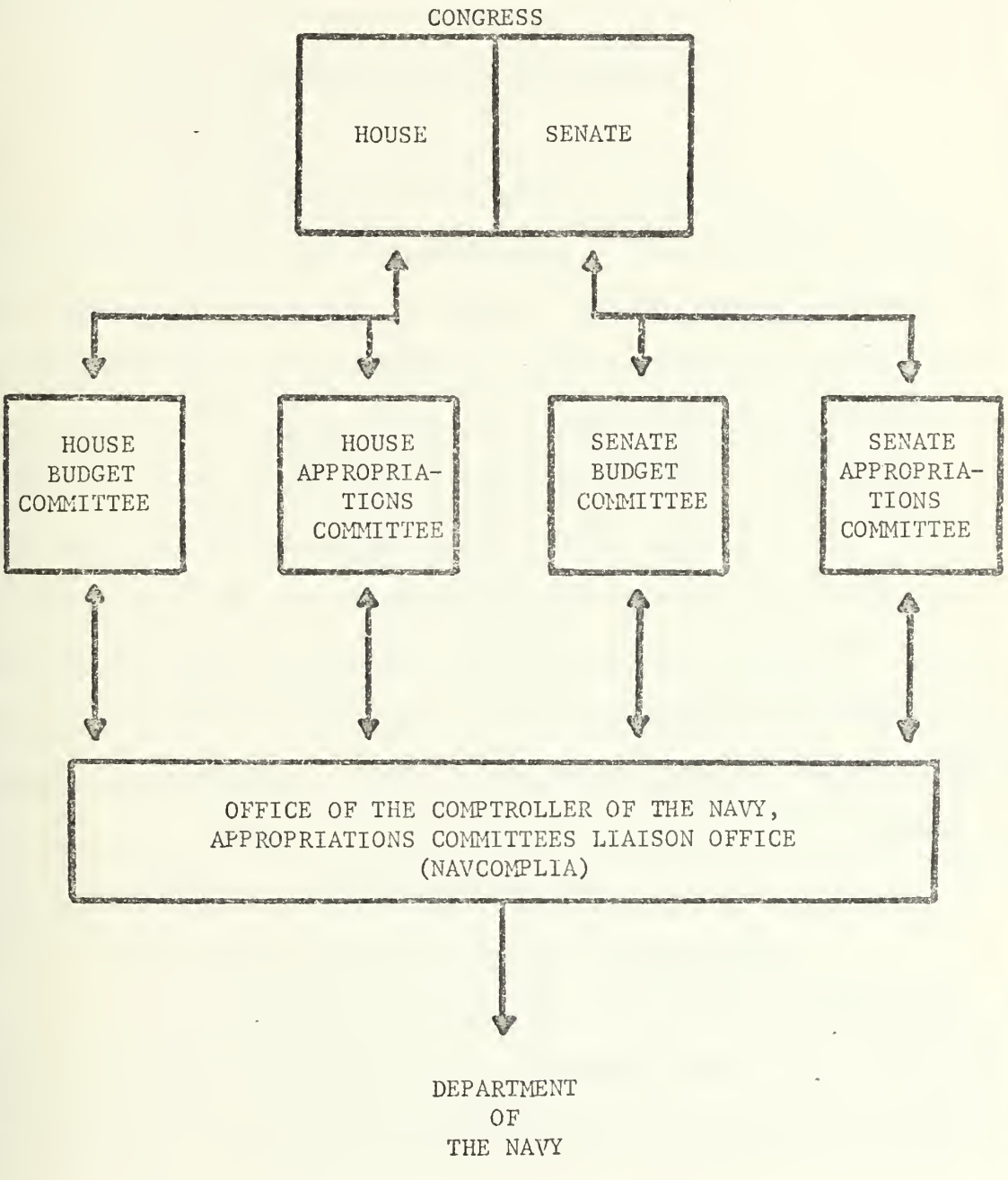

FIGURE 1

in their budget resolutions.[11] As one staff member told the authors, "If nothing else, it is going to be one hell of an experience up here on the Hill."

2. Title II - Congressional Budget Office

a. General

The Congressional Budget Office (CBO) was initially conceived by the Joint Study Committee as a Joint Legislative Budget Staff which would serve the two Budget Committees alone. However, this concept was continuously modified as the Act was hammered out by the two chambers. In its final form, the Congressional Budget Office emerged as a cross between the Congressional Office of the Budget proposed by the Senate and the Legislative Budget Office put forth in the House bill. The CBO was established as a separate informational and analytical arm of Congress. It will function as Congress' central resource providing a wide range of fiscal and budgetary information and analyses. Additionally, it will serve not only the two Budget Committees, but all of the Congress. The CBO was officially created in February 1975 upon appointment of its first Director.

b. Responsibilities, Duties and Organization

The law has given the CBO far-reaching and important responsibilities. Basically, these responsibilities can be summarized as follows: (1) monitor the economy and assess the impact of alternative

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[11] Fiscal 1976 "dry run" first concurrent budget resolution did not specify target totals for the 16 individual functional areas of the budget. Target totals were included only to serve as guidelines and explain how the committees arrived at aggregate totals [Ref. 52]. Next year, individual functional targets will be set, connoting recommended spending priorities.

levels of spending; (2) improve the flow of budgetary information and ensure its high quality; and (3) provide objective analyses of budget alternatives including cost studies, as necessary.

The Act puts the Congress in the business of making decisions on fiscal policy - of deciding the amount of government surplus or deficit appropriate to the state of the economy in the next fiscal year. The CBO will provide background for these fiscal policy decisions in the form of frequently updated forecasts of economic activity and the best possible estimates of the impact of alternative levels of surplus or deficit on the price level, the unemployment rate and other economic indicators. Several different econometric models will be employed to provide these economic forecasts.

Under the new process, Congress sets its own budget targets in the first concurrent resolution on the budget and needs to know thereafter how closely it is adhering to these targets. Thus, an important task of the CBO will be "scorekeeping" - providing frequent reports on how actual actions of Congress relate to the targets and what the effect of potential legislative actions might be. The Act also requires the CBO to provide four types of fiscal forecasts:

(1) annually, "as soon as practicable after the beginning of each fiscal year (1 October)," a five-year projection of budget authority and outlays, revenues and tax expenditures, plus the projected deficit or surplus, year by year,

(2) for every committee bill providing new budget authority, a five-year projection of the outlays which will result,

(3) for every committee bill providing new or increased tax expenditures (e.g., an increase in the tax dividend exclusion), a

five-year projection of the resulting losses of revenue. Both in this and in the case of outlay estimates mentioned in (2) above, the actual projection is to be made by the reporting committee after consultation with the CBO,

(4) for every other public bill reported from committee (except from the Appropriations Committees), a five-year estimate of the costs associated with enacting the bill. In this case, the CBO estimate must be included in the committee report if it can practicably be furnished on time.

Another important job of the CBO is to provide objective staff analysis of budget choices and the costs and probable effects of each in a comprehensible fashion. In this regard, the Act mandates that the CBO must submit an annual report by 1 April each year to the Budget Committees. The Act states that this report will deal with budget alternatives, tax expenditures, and national budget priorities. In the eyes of CBO personnel, the report will, of course, do this; but it will also represent a compendium of all the issues and alternatives produced in the last year. In all probability, there will be a massive effort to have the Annual Report ready much earlier than the 1 April deadline set by the Act. In reality, the CBO would like to produce this report no later than mid-February so that it will be useful to the Budget Committees during their mark-up sessions leading to reporting of the budget resolution.

The Act specifies that the CBO shall be headed by an appointed Director. It also provides for a Deputy Director who shall perform such duties as may be assigned to him by the Director. The first Director, Dr. Alice M. Rivlin, has chosen to organize the CBO into

seven major divisions to accomplish the tasks specified under the law. Figure 2 illustrates the organizational structure as presently envisioned. The duties of these divisions are:

(1) The Fiscal Policy Division will analyze the condition of the economy, including inflation, unemployment, production, incomes and credit. It will prepare projections of the economic future and develop measures of how the future will be altered by various economic policies or developments.

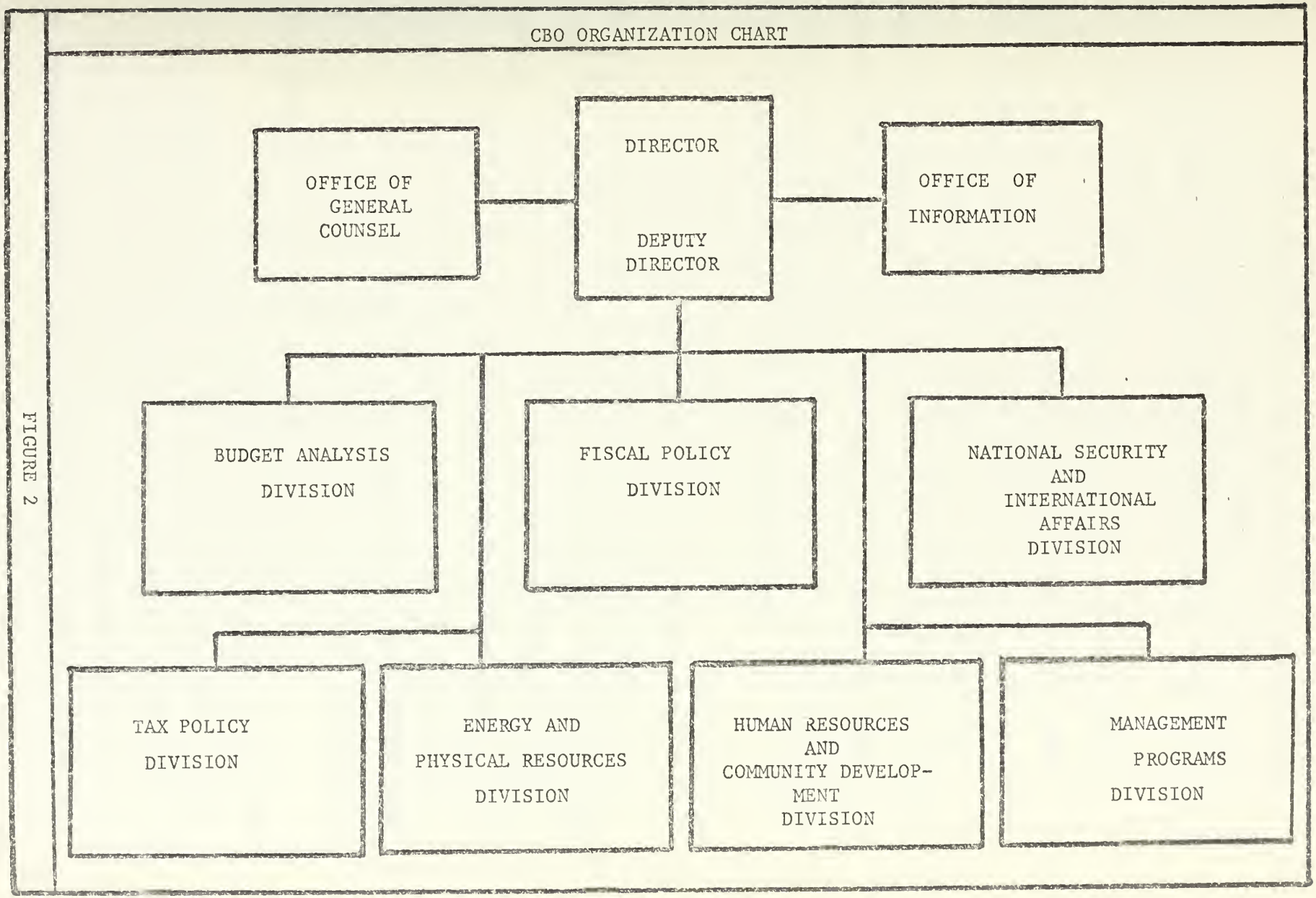
(2) The Tax Policy Division will be responsible for revenue estimation, analysis of tax expenditures and studies of the incidence of alternative tax structures.

(3) The Energy and Physical Resources Division will be responsible for preparing comprehensive analyses of possible budget alternatives in the areas of energy, environment, natural resources, science, agriculture and rural development, commerce, transportation and communication.

(4) The Human Resources and Community Development Division will provide policy analyses of major programs and budget allocation choices facing Congress in the areas of income assistance, education and employment, health and veterans affairs and community development and housing.

(5) The Management Programs Division will have two roles. First, it will provide internal administrative and management support services for all other components of the CBO. Second, it will provide information and analyses of government programs and conduct studies of the budget issues involved in government-wide organization, manpower utilization, Executive Branch reorganizations and regulatory program management.

FIGURE 2


CBO ORGANIZATION CHART
OFFICE OF GENERAL COUNSEL
DIRECTOR
DEPUTY DIRECTOR
OFFICE OF INFORMATION
BUDGET ANALYSIS DIVISION
FISCAL POLICY DIVISION
NATIONAL SECURITY AND INTERNATIONAL AFFAIRS DIVISION
TAX POLICY DIVISION
ENERGY AND PHYSICAL RESOURCES DIVISION
HUMAN RESOURCES AND COMMUNITY DEVELOPMENT DIVISION
MANAGEMENT PROGRAMS DIVISION

(6) The Budget Analysis Division will be responsible for ensuring that accurate and comprehensive budget data is available in a timely manner to support the Congressional budget cycle information and analyses requirements.

(7) The National Security and International Affairs Division will perform studies and analyses of budget matters relating to the defense establishment and international economic programs.

Additionally, the CBO Director will have two staff support sections - a General Counsel (legal) and an Office of Information (public affairs)[Ref. 45]. Functions and activities of the Budget Analysis and the National Security and International Affairs Divisions will be discussed further in the following paragraphs.

c. Staffing

After many variations as to exactly how a Director for the CBO would be appointed, a two-step procedure was devised. The Director is appointed by the Speaker of the House and the President pro tempore of the Senate after considering recommendations from the two Budget Committees, which have oversight responsibilities for the office. Appointment is required to be without regard to political affiliation. The Director may be removed by simple resolution of either House. The Director's term of office was initially set at six years, but during a House-Senate conference, it was reduced to four years.

Dr. Alice M. Rivlin, an economist, a former Senior Fellow at the Brookings Institution, and a past Assistant Secretary of Health, Education and Welfare (HEW), was sworn in as the CBO's first Director on 24 February 1975, some eight months after the Act was signed into law. As reported in the Congressional Quarterly Weekly Report, part of the

delay was due to a disagreement between the Senate and the House as to the CBO's role. The Senate apparently saw the office as a policy-oriented agency which would actively propose alternatives to OMB's budget submissions. However, the House viewed the CBO as a neutral, analytic arm of Congress similar to the General Accounting Office. In an early February agreement between Representative Adams (D-Wash) and Senator Muskie (D-Me), it was decided to hire Dr. Rivlin as Director with the understanding that she would adopt a low-key, neutral approach [Ref. 51, p. 593-594].

Under provisions of the Act, the Director is authorized to hire staff personnel, experts and consultants on a nonpartisan basis. This authority includes the power to select a Deputy Director. Early estimates put the total CBO staff requirement at approximately 159 personnel. As of 15 July 1975, a staff size in excess of 250 was planned. Dr. Rivlin justifies the anticipated size of the CBO staff by enumerating the number and complexity of its assigned tasks. She has indicated that her staff will require a mix of analytical expertise and practical budget experience to handle the CBO's variety of related responsibilities. She has said that the CBO "needs people who think clearly, write comprehensibly, and are able to present different points of view fairly and without bias" [Ref. 45, p. 6].

d. Functions of the Budget Analysis Division

This Division's primary task is to ensure that accurate and comprehensive budget information is made available to Congress in a timely manner. It is divided into two general groups. The first is concerned primarily with preparation, analysis, and the tracking of budget estimates. The second group is concerned with the budget process, budget concepts, and the automated information system.

As required by the Act, a five-year projection of Congressional budget actions will be prepared soon after the beginning of the new fiscal year (1 October). It will serve as the basic fiscal forecast for formulating the Congressional budget. This CBO projection will, in effect, be a current services budget projection very similar in concept to the President's current services budget projection submitted by 10 November. In practice, this projection will probably differ from the President's both because of the date when "current services" is defined (which could include different Congressional actions than current services defined at an earlier or later date), and because there will be differing economic assumptions and opinions regarding what constitutes current services; e.g., in such programs as Research and Development (R&D) and major weapons procurement. Additionally, the CBO will prepare five-year cost analysis of each bill reported out of committee (other than Appropriations Committees) and will assist committees of either House to prepare five-year projections of spend-out rates of all new legislation under review.

The Budget Analysis Division also anticipates that the Joint Economic Committee (JEC) will ask them to help in reviewing and evaluating the President's current services budget. In this analysis, the CBO will compare its own current services budget projection with the President's. They will ensure accuracy of the estimates, provide comparisons with prior year budgets and, in general, verify the validity of the various economic assumptions upon which it is built. In this regard, the CBO has been working closely with OMB in an attempt to standardize many of the basic assumptions and methods utilized in preparation of cost estimates.

Discussions were still being held within CBO to establish an underlying budget philosophy and the basic guidelines for developing and analyzing the current services budget and five-year budget estimates. Some of the major topics under consideration were the treatment of inflation, on-going Federal programs and discretionary spending. There was some feeling that, for budget estimates to be realistic, different rules may have to be applied to different functional areas and Federal programs. For example, estimates of programs involving multi-year purchases of high technology and/or large capital investment items should be adjusted for inflation. Also, projections of programs that are more or less of an on-going nature would be expected to continue even if the current law expires within the period. Both of these aspects are particularly applicable to a large portion of the defense budget.

It is also in this Division that the budget scorekeeping function is to be performed. This function was previously accomplished by the Joint Committee on Reduction of Federal Expenditures. The essential change will be that the score must now be kept with respect to the Congressional budget by major functions [Appendix G] rather than with respect to the President's budget. This Division has been working with GAO and the Congressional committees to develop a revised format to meet the needs of the new budget process. Its first report was made in June 1975 [Ref. 70]. At the present time, different report formats are required by the House and Senate Budget Committees, and all the work is being accomplished manually. They are hopeful that the scorekeeping function will soon be automated, providing a capability to make on-line changes and obtain real-time readouts.

The Budget Analysis Division will provide costing estimates of defense alternatives for the CBO National Security and International Affairs Division. On defense related issues, the feeling was that the present information provided by the Defense Department was good, but insufficient in detail. Additional data will be required for them to make meaningful analyses. A number of their personnel are ex-DOD, OMB or service personnel who possess the necessary understanding of defense programs [Appendix F]. They feel that DOD will be more than willing to provide the information they require, although they quickly pointed out that there are formal ways to obtain the data, if necessary.

This Division intends to be quantitatively oriented, while focusing its major effort in the area of cost analyses and estimates. They will produce the CBO cost analyses which must be attached to every authorization bill going through Congress. In the future, lack of this estimate may be enough to table the bill. On the other hand, too high an estimate may be perilous to the bill and may well provide the impetus for the bill to become a "budget buster."

e. Functions of the National Security and International Affairs Division

This Division's primary charge is to carry out studies and analyses of budget matters relating to the defense establishment and international economic programs. It will work closely with the two Budget Committees' defense Task Forces in analyzing budget alternatives. It too is divided broadly into two groups. The first is primarily concerned with defense, arms control and intelligence budget issues. The second group will examine the impact on the economy and on the Federal budget of foreign programs.

This Division was late being formed and is presently at about 60 percent of its planned end-strength of 30 people. Their hiring policy is geared toward finding academic brillance coupled with defense or defense-related experience. In the event that both of these qualities can not be found in an individual, the edge will be given to the former. They are looking for a balance of international experts, defense economists, and political scientists. Their organizational concept is less structured and will be project-oriented. They intend to pursue the economist's discipline and focus investigations on effectiveness rather than looking strictly at numbers.

Division personnel voiced their concern over whether a mission-oriented budget would provide anything meaningful to Congress. They noted that one must be thoughtful about the answer you want from the budget before you go and restructure it completely. Conceptually, they hoped that mission-oriented questions would not be incorporated into the new budget format.

Instead, they forsee their biggest problem as finding an answer to the question: How do we accomplish the best possible analytic work? They intend to employ independent reality checks, internal and external reviews, and their own expertise to ensure complete, detached analyses. No advocacy will be involved, although they realize no matter what they do, not everyone will be pleased. To this end, they intend to forge a close complementary working relationship with the Budget Committees. They believe an effort will have to be devoted in working with the other committees and in gaining their trust and friendship. They realized that some of the other committees are not overjoyed with their existence. They, however, are determined to resolve that through

hard work. Their intention is to dazzle these committees with powerful, rich analytical studies which will open their eyes.

f. Relationships with Congressional Agencies

As noted earlier, the CBO is a separate, non-partisan agency of Congress. As such, it intends to cooperate and utilize fully services and facilities of the General Accounting Office, the Library of Congress and the Office of Technology Assessment (OTA).

While the CBO intends to draw upon any existing expertise on Capitol Hill, it hopes to develop its own respected position among these other agencies. The CBO feels that the analytical expertise they are going to provide was lacking and that this is one of the primary reasons for the entire budget reform Act. As prescribed by the Act, GAO will assume a major role in the new budgeting process and will play a big part in carrying out the program evaluation provisions of Title VII. Additionally, CBO hopes to work closely with them under the authority of Title VIII.[12] Under this title, GAO will develop, establish and maintain improved fiscal, budgetary and program-related information for Congress. These matters will be discussed more fully in the following sections. Thus, the Congressional Budget Office intends to utilize effectively all available Congressional resources in development of their own balanced position. Also, the CBO desires to build a reputation for good, sound analytical work. They fully realize that to be useful to members of Congress, they must prepare reports that are

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[12]The CBO will assist GAO in developing a legislative classification structure system which will relate the budget to authorization statutes.

short (12 to 18 pages), not overwhelming in detail and capable of passing the "subway test."[13]

g. Relationships with Committees and Members of Congress

The Act specifies the CBO's duties in accordance with four levels of priority: (1) The House and Senate Budget Committees are given the highest priority. The CBO is to provide them with budget related data and assign personnel to them, as necessary, on a temporary basis. It will also undertake budget related studies upon their request. (2) High priority is also given to the two Appropriations Committees, the House Ways and Means, and the Senate Finance Committees. The CBO will furnish them with budget information, provide staff assistance to them and undertake budget related studies at their request. (3) All other Congressional committees are entitled to available budget data, staff assistance and budget related studies, as time permits. (4) All members of Congress are entitled to available budget information, but no studies may be initiated on their behalf.

The Act provides for a close and continuing relationship between the CBO and the two Budget Committees. We have already seen that the CBO Director essentially serves at the pleasure of the Budget Committee Chairmen. It will be interesting to see how she intends to serve two different masters, simultaneously. The CBO and its Director have been very careful not to step on toes, but sooner or later conflicting desires may develop. As long as Dr. Rivlin can maintain her position

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13 Reports that members of Congress can fully digest and understand in the subway on their way from the House or Senate office buildings to the Chambers to vote.

of neutrality and at the same time turn out meaningful analytical work, there may be no problems. The CBO will be expected to develop issues for, and as directed by, the two Budget Committees. This task may be one of the simpler ones compared to providing information to the other committees, many of which still do not understand the budget process. The problem may revert back to the jurisdictional issues developed earlier in this chapter. If the Budget Committees have unsettled jurisdictional problems with the other committees, the CBO could easily be caught right in the middle.

h. Relationships with the Executive Branch and Its Agencies

Through all the iterations of development, the Act always provided broad authority for the CBO to secure information from Executive agencies. As enacted, the law authorizes the Director to obtain information, data, estimates, and statistics directly from the various agencies without Budget Committee approval. The one exception is that information which is specifically prohibited by law from being disclosed. Additionally, the Director may, upon agreement with the agency head, utilize the agency's services, facilities, and personnel.

One specific issue considered during formulation of the Act was the question of Congressional access to Executive agency budget estimates which are submitted to OMB. During the 93rd Congress, Senator Edmund S. Muskie (D-Me) introduced legislation which would have required Executive agencies to provide Congress with these estimates automatically at the same time they were given to OMB [Ref. 62, p. 80-81]. The incumbent Administration objected vehemently and thus were able to keep this specific requirement out of the current Act. However, the issue remains unresolved; and although the CBO could raise the issue at any time again, OMB would in all likelihood resist such a move.

OMB's position regarding the CBO is one of acceptance. They view the CBO as a focal point on the Hill for budgetary matters, and, as such, see many benefits in dealing with one representative vice the usual many. In a recent address to the Armed Forces Comptroller Association, Dr. Rivlin described the CBO/OMB relationship most amicably:

> The Office of Management and Budget seems pleased to have someone on the Hill to talk to, with whom OMB can discuss overall budget strategy [Ref. 44].

However, there were people within CBO who felt that OMB did not want to be used as a communications channel. While the OMB desires to see the new process work, for it would make the job of managing the budget easier, it also desires to maintain the status quo. They fear that the type of detailed information Congress may want would inundate both it and the CBO. They maintain that detailed DOD information is not even used by them. It is for DOD internal decision making and not necessary for the CBO to develop broad national economic alternatives. Although it appears to be OMB's nature to resist changing the present defense submission, CBO personnel commented that, thus far, OMB has been extremely cooperative.

The CBO has hired not only OSD personnel, but also some OMB personnel [Appendix F]. The implication being that these individuals are aware of what information is or is not available, and also which information is desirable. In this regard, some interest was expressed in obtaining internal DOD/DON budget decision documents and issue papers.

While the Act does provide the CBO broad authority for obtaining necessary budgetary information from the Executive agencies, the actual wording of the provision is so general and vague as to leave

this critical issue open to some degree of interpretation. However, the legislative intent of this provision apparently was to provide the basis for the CBO's mission. At this juncture, it is too early to determine the extent to which the CBO may find it necessary to rely upon this authority. In the future, this aspect of the new Act will probably become a critical issue.

i. Computer Capability

The Act does provide for the CBO to equip itself with an up-to-date computer capability and to obtain services of experts and consultants in computer technology. To date, the CBO has contracted with American Management Systems, Inc. (AMS) to develop preliminary specifications for an automated budget information system. The AMS report produced [Ref. 1] is presently being reviewed and discussed with various Congressional users prior to making any decisions on the development of a comprehensive budget information system. This matter will be discussed further in the Title VIII section. In the meantime, the CBO is developing two automated systems: (1) Interim scorekeeping, and (2) the budget projection model. Either or both could serve as a nucleus of a Congressional budget information system. Initially, the CBO plans to utilize the existing computer facilities of the House Information Services, Senate Computer Services and Library of Congress Computer Center to support their data processing requirements.

j. Summary

The Congressional Budget Office is a new kind of organization. It is, in a sense, still growing. It is essentially feeling its way along, writing its own charter on a day-by-day basis. The CBO's real role will continue to gradually evolve, and may not be

clear for several years. Its mission, however, is relatively clear. The CBO must provide Congress with detailed and highly accurate budget data - something Congress has lacked in the past. It must assist Congress in implementing this new budget process and through selected studies dipicting policy alternative impacts aid in the entire budget decision making process.

If the CBO is to survive and function as envisioned in the Act, the Director must ensure that it remains a neutral, analytic arm of Congress staffed by highly professional people. It must be flexible and responsive, yet avoid advocacy. And finally, the CBO must continue to carefully develop harmonious relations with all Congressional committees. It has the toughest job of the three new instrumentalities.

3. Title III - Congressional Budget Process

a. Overview

Section 300 of the Act, although having no independent legal authority, provides a convenient timetable with respect to the Congressional budget process for any fiscal year (Figure 3). It can readily be seen that the process is critically time-phased and interlocking. As such, a delay at any key point can reverberate throughout the entire timetable and actually prevent completion of the process prior to the next fiscal year (1 October). Figure 4 provides a pictorial comparison between this new budget process and the old procedure.

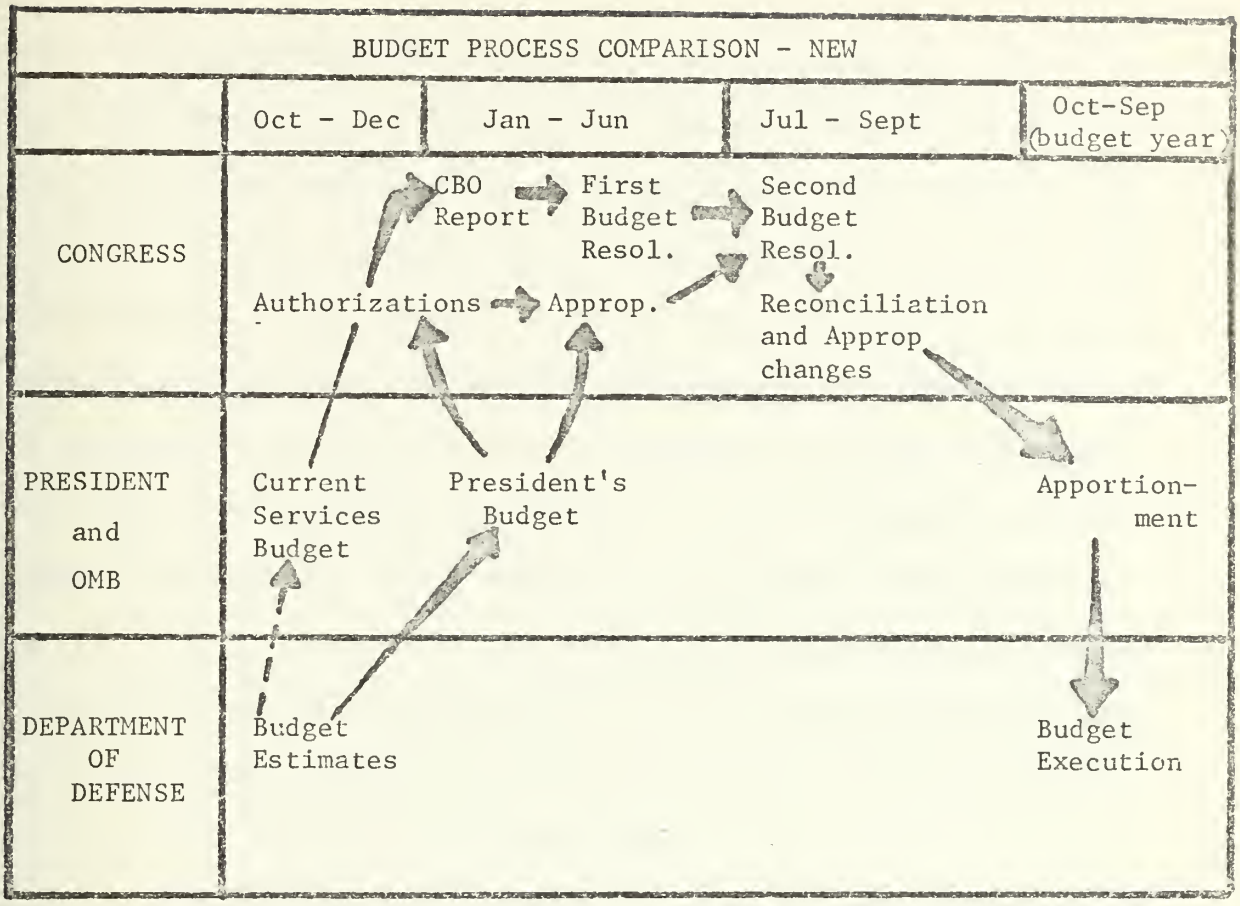
Looking at Figure 3, it should become clear that the entire process is organized around adoption of the two concurrent resolutions on the budget. The first resolution must be adopted prior to 15 May. Also, 15 May is the deadline for the reporting of all

CONGRESSIONAL BUDGET TIMETABLE

On or before	Action to be completed
10 November	President submits current services budget.
15th day after Congress meets	President submits his budget.
15 March	Committees submit reports to the Budget Committees.
1 April	Congressional Budget Office submits report to Budget Committees.
15 April	Budget Committees report first concurrent resolution on the budget to their Houses.
15 May	Committees report bills authorizing new budget authority.
15 May	Congress adopts first concurrent resolution on the budget.
7th day after Labor Day	Congress completes action on bills providing budget authority and spending authority.
15 September	Congress completes actions on second required concurrent resolution on the budget.
25 September	Congress completes actions on reconciliation process, implementing second concurrent resolution.
1 October	Fiscal year begins.

Source: CRS 75-33 S, CRS-6, 5 February 1975.

FIGURE 3


BUDGET PROCESS COMPARISON - NEW
Oct - Dec
Jan - Jun
Jul - Sept
Oct-Sep (budget year)
CONGRESS
CBO Report
First Budget Resol.
Second Budget Resol.
Authorizations
Approp.
Reconciliation and Approp changes
PRESIDENT and OMB
Current Services Budget
President's Budget
Apportion-ment
DEPARTMENT OF DEFENSE
Budget Estimates
Budget Execution

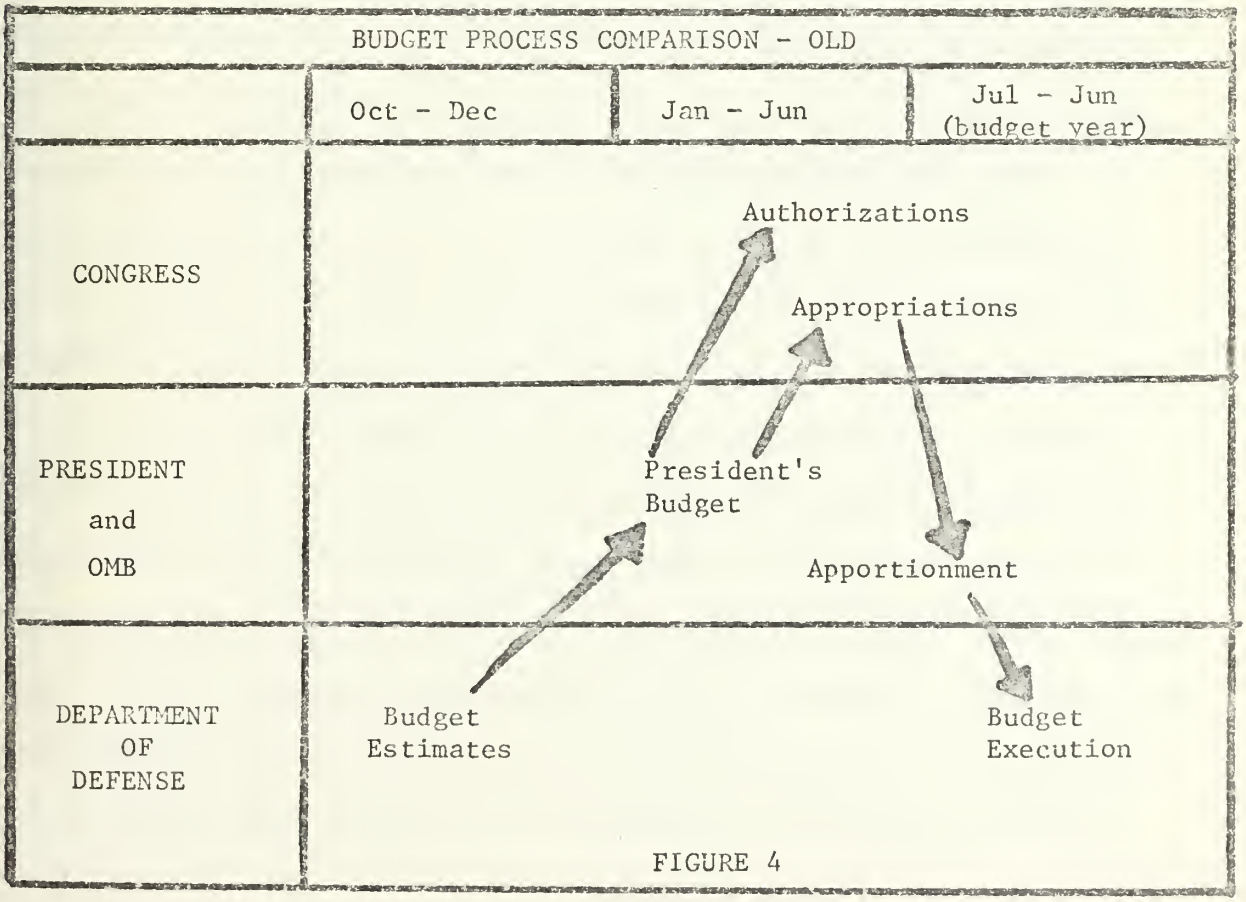

BUDGET PROCESS COMPARISON - OLD
Oct - Dec
Jan - Jun
Jul - Jun (budget year)
CONGRESS
Authorizations
Appropriations
PRESIDENT and OMB
President's Budget
Apportionment
DEPARTMENT OF DEFENSE
Budget Estimates
Budget Execution

FIGURE 4

authorizing legislation by the various enabling committees. To facilitate meeting the 15 May deadline, the Act requires that all requests for new authorizations be submitted one year in advance (e.g., requests for fiscal year 1978 must be submitted by 15 May 1976). Both deadlines must be met before floor consideration of ensuing revenue or spending legislation. The second resolution must be adopted prior to 15 September or after action has been completed on all regular appropriations. The new budget process can be viewed as beginning in the Fall of the year when, by 10 November, the President must submit his current services budget. At this point, key dates presented in Figure 3 will be chronologically discussed and some of the considerations and unwritten "rules" involved in this phased process will be elaborated.

b. The Current Services Budget

The concept of a current services budget is not new. Charles Schultze, former Director, Bureau of the Budget, has advanced this idea several times in the past [Ref. 4]. Aaron Wildavsky, in his statement before the Subcommittee on Budgeting, Management, and Expenditures 12 April 1973, also proposed a similar concept [Ref. 66, PT. 1, p. 390]. The idea had been around, in one form or another, for a number of years, but it had never been formally articulated in a law.

From Congress' point of view, the President's current services budget will serve as a base from which to project budget data into the future and to assess economic impacts. It gives Congress an earlier look at year-to-year alterations in the President's budget. By law, the Joint Economic Committee must provide the Budget Committees with and economic evaluation of the current services budget by 31 December. The CBO intends to prepare their own version of the current services

budget as a basis for developing the Congressional budget. This CBO current services budget also will be utilized as the base for analyzing and verifying the President's 10 November current services budget submission and for evaluating alternative budget proposals which Congress may have under consideration.

It was learned that Dr. Alice Rivlin, Congressional Budget Office Director, views the current services budget as the "thing" of the future. As such, CBO staff personnel are developing an automated budget information system that will incorporate a capability for applying the necessary economic adjustments and then quickly comparing the "baseline" current services budget with the President's January budget submission. This comparative read-out would present summary totals by function and could be quiried to identify specified program differences (increments or decrements) in the President's budget. These changes would provide an indication of the President's changing budget priorities.

c. President's Budget Submission

The President submits his budget to Congress 15 days after it convenes in January. In the past few years, it has become common for Congress to grant OMB an extension for submission of most of the budget back-up material. However, it was learned that OMB has already been informed by the Appropriations Committee Chairmen that a delay in submission of the Fiscal 1977 budget will not be tolerated. This, of course, puts more pressure on OMB to prepare the budget on time. OMB has pointed out that they will have insufficient time between the end of the fiscal year (30 September) and early January to put together a meaningful budget. They maintain that spending-rate data from the past year, which is utilized in the formulation of next year's budget,

will not be available until late November or early December. Therefore, their hands are tied. They had argued for a permanent change to 15 February for the President's submission, but they were unsuccessful. It can be speculated that the President's annual budget submission to Congress will not be in any greater detail or more enlightening than in the past.

d. Committees' Report to the Budget Committees

By 15 March, all House and Senate committees and joint committees must submit their views, estimates and recommendations to their respective Budget Committee. The purpose of these submissions is to provide the Budget Committees with an early estimate of the spending levels contemplated by the standing committees for the next fiscal year. As a result, authorization bill hearings will now begin in the Fall of the preceding year.

e. The Congressional Budget Office's Report to the Budget Committees

The Act requires that on or before 1 April the CBO will submit their report to the House and Senate Budget Committees. Although not explicitly stated in the Act, the CBO assumes that this report will include five-year projections of various budget alternatives, including the President's budget, and a budget that would maintain the level of current services. In reality, the CBO intends to provide this report, commonly called the Annual Report, to the Budget Committees by mid-February so that they may use it in their mark-up sessions. The report will probably be a compilation of those issues studied by the CBO during the preceding twelve months.

f. Budget Committees Report the First Concurrent Resolution

The Budget Committees, having held hearings and having received reports from other standing committees, joint committees and the CBO, must report their first concurrent resolution on the budget to their respective Houses by 15 April.

g. Committees Report Bills and Resolutions Authorizing New Budget Authority

May 15 is the deadline for the reporting of authorizing legislation by House and Senate committees. This requirement does not apply to omnibus Social Security legislation or to entitlement measures. An emergency provision does provide for waiver of the 15 May deadline by resolution in either the House or the Senate.

h. Congress Completes Action of First Budget Resolution

Adoption of the first budget resolution is also scheduled to be completed by 15 May. Failure to do so would reduce the time available to consider pending legislation which involves budget matters. The first concurrent resolution on the budget will set forth appropriate levels of total budget outlays, total new budget authority, an estimate of budget outlays and an appropriate level of new budget authority for each major functional category, surpluses or deficits, a recommended level of Federal revenues and an appropriate level of public debt. Congress is prohibited from considering revenue, debt, spending, or entitlement legislation prior to the adoption of the first budget resolution.

This is a key date for it is by this date that the "targets" must be set for each major functional category [Appendix G]. Many see this date as the first real test of the Act in 1976. A big

problem may develop as all the standing committees compete to get as large a share of the "pie" as possible. In the past, no one looked at the whole. The normal procedure was that the budget total was determined after the dust had settled. Now, the total will be set at the beginning. Thus, the shrewd players will want as much of the "action" as they initially can get. This will allow them to make cuts at a later date when they may come under pressure.

Floor consideration of the budget resolution will be under special rules devised to expedite the proceedings while allowing opportunity for a fiscal policy and priorities debate and for floor amendments. In the House, consideration is to be in the Committee of the Whole under the five-minute rule, with ten hours allowed for debate. In the Senate, fifty hours are allowed for general debate. The Senate cannot adopt a budget resolution which is mathematically inconsistent; e.g., the sum of the separate functional allocations must equal the totals for new budget authority and outlays, and the difference between total outlays and revenues must equal the appropriate budget surplus or deficit. If House and Senate conferees fail to report after seven days, they are required to report their agreements and disagreements to their respective Houses.

i. Congress Completes Action on Appropriation and Entitlement Bills

During the Summer (15 May to early September), Congress uses the levels set in the first budget resolution as targets to guide and restrain it in shaping appropriate budget related legislation. Congress will not be restricted as to the amounts it ultimately appropriates, but it will be guided by the scorekeeping function performed

by the CBO. CBO will issue periodic scorekeeping reports which will show a comparison between the amounts in individual bills and the appropriate level set forth earlier in the first budget resolution.

Thus, appropriation bills should proceed through Congress during the Summer with all action to be completed by the seventh day after Labor Day, and earlier if possible. Spending authority or entitlement bills will have a similar timetable and be subject to the same reconciliation process required by the second budget resolution.

j. Congress Completes Action on Second Budget Resolution

September 15 is the date set for adoption of the required second budget resolution. This is not a firm date, but the hope in Congress is that this action may occur in late August or early September. The second resolution affirms or revises the matters contained in the first resolution. It can direct the Appropriations Committees and other committees with jurisdiction over budget authority or entitlements to recommend changes in new or carry-over authority or entitlements. Additionally, this resolution may direct the appropriate committees to recommend changes in Federal revenues or in the public debt. In short, if the new target does not agree with the one set in the Spring, Congress has basically three alternatives: (1) increase taxes, (2) increase the deficit, and/or (3) reduce spending.

k. Action Completed on Reconciliation Bill

Changes recommended by various committees, because of discrepancies between the first and second resolution, are reported in a reconciliation bill. Reconciliation may actually take the form of a bill or another concurrent resolution. If appropriations, entitlements and other budget authority legislation already have been enacted,

reconciliation will be by means of a rescission bill. Because reconciliation depends so heavily upon the directives provided in the second resolution, little work can be done in advance. Enactment of this bill must be completed by 25 September. Congress may not adjourn sine die until it has completed action on the second budget resolution and any required reconciliation.

This completes the Congressional budget process and sets the stage for the new fiscal year to begin on 1 October. Congress may not consider any further spending or revenue legislation which might violate the specified levels just agreed upon. In other words, supplemental appropriations bills may not be passed if they cause the budget to exceed levels set by the second budget resolution, nor can revenues be cut below the second resolution's totals. Of course, Congress does have the prerogative to adopt a new budget resolution any time during the fiscal year.

1. Timetable and Timing Problems

The schedule dipicted in Figure 3 was developed by Congress itself, and it establishes a very rigid, yet flexible set of new budget procedures. It is flexible because, although Congress wrote the timetable into law, they were careful to provide a provision which allows them to ignore their own deadlines, if necessary. The reason behind such a rigid measure in the first place was to encourage an orderly consideration of the budget. The conferees felt that it was essential to set firm dates for key elements of the new process.

Failure to complete a particular event in the timetable on time may affect later actions as well. Congress has established for itself deadlines which may prove difficult to meet. As an example, the

schedule puts the Budget Committees under a severe time constraint. The timetable requires the committees to report their budget resolutions to their respective Houses by 15 April. That allows only one month to adopt the resolutions on the House and Senate floors, complete a conference committee on the resolutions and approve the conference resolution. The law requires a "lay-over" period in the House for 10 working days of that month to give House members sufficient time to study the reported resolution. Also, as noted earlier, reconciliation actions may not be initiated until action is complete on all appropriation bills and the second budget resolution.

There are waiver provisions which were incorporated into the law. However, even without those waivers, the House and Senate through their normal operating procedures could decide to bypass the budget timetable's requirements and operate under unanimous consent agreements that suspend the rules.

There are many on Capitol Hill who do not expect Congress to meet all of the established deadlines, especially the first time around. Senator Muskie recently set forth his view that success of the whole process would depend on how closely individual members and separate committees were willing to discipline their actions to the budget schedule. "If they ask for an extension here and an extension there, we could end up with the whole timetable collapsing" [Ref. 7, p. 2416].

m. Summary

Thus, it becomes very clear that firm dates are needed as guidelines, but much has been left to be worked out after some practical experience is gained. The four main phases of the budget process (authorizations, budget resolutions, spending measures, and reconciliations)

must be completed by the dates assigned to them in the Act. However, modifications are already contemplated as the "dry run" proceeds. It could be said that while firm dates were set, there is nothing sacred about them, and if circumstances dictate, they will be altered (with the probable exception of 1 October) as necessary.

4. Title IV - Provisions to Improve Fiscal Procedures

a. Procedures for Backdoor Spending Legislation

In addition to the annual appropriation acts, there are other "backdoor" obligations and expenditures. Sometimes they bypass the Appropriations Committees altogether, and other times they limit the discretion and control of these committees. There are three main forms of "backdoors":

(1) Contract Authority. The statutory authority under which contracts or other obligations may be entered into prior to an appropriation.

(2) Borrowing Authority. The statutory authority that allows a Federal agency to incur obligations and to make payments for specified purposes out of debt receipts.

(3) Mandatory Entitlements. The legal requirement to make certain payments over which there is little or no control through the appropriations process.

The Act defines these three authorities as spending authority. It also refers to new spending authority as spending authority not provided by law on the effective date (January 1976) of Section 401 of the Act and subject to the new procedures.

The Act supplies special new procedures to the enactment of contract and borrowing authority in order to promote better control

over spending actions. The new procedures, effective January 1976, provide that new contract and borrowing authority legislation must contain a provision that such new authority is to be effective only to the extent, or in such amounts, as are provided for in the language of the appropriations act, itself. The effect of this provision is to change new contract or borrowing authority into a routine authorization for which funding must be secured through appropriations. It simply closes the "backdoor" for this type of legislation unless it was effective prior to January 1976. There are some exceptions, like Social Security trusts, which are contained in Section 401(d) of the Act.

Concern over "backdoors" loomed early as an issue in the development of the Act. It was the liberals who foresaw the danger of revealing the total costs really hidden in these authorization bills. It appears that their uneasiness was well warranted. An Issue Paper prepared for the Subcommittees on HUD-Independent Agencies, Senate and House Committees on Appropriations by GAO on 29 August 1975 [Ref. 56], thrust this very issue into the limelight. The paper's topic was budgetary, appropriations, and accounting procedures for the annual contributions for assisted housing. It clearly shows that in recognizing only the current portion (the normal practice) of the government's commitment in the assisted housing program, only the tip of the iceberg shows. The GAO paper concludes that the full amount of the government's commitment should be recorded using the best estimate available and periodically adjusting the data, as necessary. In this particular example, depending upon the cost estimating method employed, the figures are: $662.3 million for the annual contract authority versus $16,848.0

million[14] for total program runout cost. This is conservatively 25 times as great as shown annually. The problem lies in the fact that the actual government commitment is not shown in the bill, when enacted, and consequently, the total commitment is often overlooked. Several other incrementally funded programs (Maritime and Federal Buildings) are also discussed in this paper.

Thus, it is the open-ended entitlements which tend to grow substantially over time. The foregoing example illustrates rather clearly what can happen when a dollar limitation is not, or cannot be, put on a program. A possible solution lies in the tightening-up of annual appropriation bill language to restrict total spending amounts on such programs.

With respect to the third "backdoor" (entitlement authority), the Act provides that new entitlements may not be considered by either House if it would have an effective date before the beginning of the new fiscal year. As noted earlier, the purpose of this procedure was to make entitlements fully subject to the Act's reconciliation process in September.

The Act further requires the Appropriations Committees to study existing spending authority laws and to report any recommendations for revising or terminating them.

b. Deadline for Reporting Authorizing Legislation

May 15 was the date established as the deadline for reporting authorizing legislation by House and Senate committees, but

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[14] HUD estimate based on their desired mix of contracts. The President's budget contained an estimate of budget authority of $26,063.0 million. The difference is a result of the number of years a contract is expected to run. In this regard, the HUD estimate is much more conservative.

waiver procedures are provided. The 15 May date can be waived by means of a resolution reported by the Rules Committee in the House or the Budget Committee in the Senate.

This deadline was one of the most controversial features of the reform Act. Both 31 March and 30 June were considered, but 15 May was finally chosen as a compromise. It is expected that with the advance (year-ahead) authorization procedure established in Title VI of the Act, committees will be able to meet this reporting date without much difficulty. Hearings will be initiated in the Fall to facilitate the process.

c. Congressional Budget Office Analyses

The CBO will prepare five-year cost analyses of each public bill reported by any Congressional committee other than the Appropriations Committees. These analyses will be included in the committee report if time permits.

This new provision was first established by the Senate Government Operations Committee and later modified by the Rules and Administration Committee. As initially set, it prohibited the consideration of a bill unless the report contained a cost analysis prepared by the CBO. However, this would have meant members and Congressional committees would be dependent upon a separate Congressional agency for the progress of their legislation. Thus, this requirement was changed to make it operative only "to the extent practicable" and only if the analysis is "timely submitted" to the reporting committee.

d. Jurisdiction of Appropriations Committees

The jurisdiction of the House and Senate Appropriations Committees was expanded to include the rescission of appropriations,

contract and borrowing authority, and entitlement legislation referred to them pursuant to Section 401(b).

e. Summary

Thus, this title effectively provides provisions for improving the fiscal procedures. It essentially curtails new "backdoor" spending legislation and extends jurisdiction of the Appropriations Committees into these areas. Additionally, it provides a deadline for reporting authorizing legislation and requires inclusion of five-year cost analyses of all new legislation reported by committees.

5. Title V - Change of Fiscal Year

a. Background

It is interesting to note that throughout our history the fiscal year has been moved around to fit the needs of the day. For instance until 1842, the Federal Government appropriated funds on a calendar year basis. Actually, even within the time period 1792 to 1820, Congress found it necessary to move its normal convening date from early December back into October/November in order to enact a general appropriations bill on time. However, by 1820, when faced with increasingly complex appropriation bills, Congress resorted to partial appropriation bills to provide interim financial support to agencies. Even then department officials complained loudly that Congress failed to pass appropriation bills on time, often being two to five months late. To relieve this time pressure, Congress changed the fiscal year in 1842 from 1 January to 1 July. Unfortunately, as time has passed, Congress is still running two to five months late and continuing resolutions have become a semi-permanent fixture. In some instances, agencies have operated for the entire year on a continuing resolution.

Late enactment of appropriation bills in the past few years has provided the stimulus for shifting the fiscal year ahead three or six months. Hearings were held on this subject and received all around favorable support, although a precise date was a bit difficult in determining. Nevertheless, 1 October was decided upon as the date most in accord with Congress' current work schedule and as the date most likely not to disrupt the budget processes of State and local governments. There was little doubt that the change was necessary to put an end to the practice of continuing appropriations resolutions, but the only real motivation was that it gave Congress three additional months during which to complete its budget process. The change will take place in Fiscal Year 1977; i.e., 1 October 1976.

b. Accounting Procedures

The actual shift will require a transition period of three months - 1 July 1976 through 30 September 1976 - officially designated as FY7T. To facilitate in the transition, the Act provides that budget estimates will be submitted in such form and detail as is determined by the President after consulting with the Appropriations Committees. It also establishes expiration dates of authorizing legislation and directs OMB to prepare any necessary implementing legislation. Moreover, the Act directs OMB and CBO to conduct joint studies on the feasibility and advisability of advance or multi-year budgeting. Although the studies will be done jointly, the two offices will report separately to Congress.

c. Summary

In the long run, there should be very little difficulty in making the fiscal year change-over. At the request of the President,

Congress has provided a blanket extension of all appropriations scheduled to expire 30 June 1976 until 30 September 1976 (Public Law 93-554, Section 204). Necessary appropriation language for the transition has been included in the Fiscal 1976 budget.

6. Title VI - Amendments to the Budget and Accounting Act of 1921

a. General

Prior to enactment of PL 93-344, the President had considerable latitude in formulating the specific content of his budget submission to Congress. The provisions of Title VI of the Act, however, amend the Budget and Accounting Act of 1921 to outline more specific additional items of information that the President must include in subsequent budget submissions. While some of these provisions result only in minor format or procedural revisions, several present significant problems and implications for the President, OMB and the other Executive Department agencies. Beyond the extra work required to compile and submit the additional data, some of the estimates and presentations will be very difficult to produce. Most importantly, the President's management prerogatives will become more restricted by publicizing future initiatives and divulging internal department planning information.

b. Matters to be Included in the President's Budget

The Act specifies six additional matters to be included in the President's budget submission or in subsequest periodic updates.

(1) Estimates for Items in the Budget Resolution. The annual budget will provide estimates for the same items contained in the format of the Congressional budget resolution (total new budget authority and outlays; functional allocations; budget surplus or deficit;

total revenues and the public debt). This will require the President to publicly outline his position regarding these budget items and explicitly state his fiscal policies and budget priorities.

(2) Tax Expenditure Data. The budget will provide itemized tax expenditure data and explain proposed changes. The 1976 Budget included tax expenditure tables and analysis of this type for the first time [Ref. 57].

(3) Variance Reports. The President's budget will report and explain any variances during the past fiscal year between actual revenues and uncontrollable outlays. In the past, revenues and uncontrollable outlays have varied substantially from original estimates. This revision is intended to encourage more accurate estimates and requires that all deviations from initial estimates be analyzed and explained.

(4) Budget Updates. The budget will be updated twice a year by 10 April and 15 July with comprehensive listings of all amendments and revisions proposed or accepted by the President subsequent to initial submission. These updates are timed to coincide with consideration of the first budget resolution and the period during which floor action on various spending bills will be scheduled. The 15 July budget update and the President's mid-year review submission required under provisions of the Legislative Reorganization Act of 1970, as further amended by this Act, can be submitted concurrently.

(5) Advance Appropriations. The budget will contain information regarding all programs for which appropriations have been authorized to be made one year in advance of the fiscal year in which they will be available. So far, there have been few instances of this type.

(6) National Needs. Beginning in Fiscal Year 1979, the budget will be presented in terms of a detailed structure of national needs, agency missions and basic programs - a program-oriented budget structure. The need for program information and a budget structure which is more responsive to the needs of Congress was central to the budget reform issue. In introducing the Senate version of the Congressional Budget Control Act (S. 1414) on the Senate floor, Senator Chiles (D-Fla) underscored this point:

> Congress cannot practically set priorities until we know the missions - and we cannot know the missions until OMB presents its budget in mission form [Ref. 66, PT. 1, p. 424].

This latter requirement is by far the most significant and difficult matter of the six for consideration and implementation. It concerns and depends upon the interrelated and complex problems of developing standard program structures and an information classification and coding system which will allow the entire Federal budget to be displayed, aggregated and translated into forms which can satisfy all Congressional users. The development of a government-wide program structure is a huge task that involves all of the Executive Department agencies. Additionally, a single standard structure that will satisfy all Congressional needs will be extremely difficult to develop and keep current.

The President's budget has been presented on a functional basis for a number of years. For example, the Fiscal 1976 budget was presented by functions (16 major) [Appendix G], sub-functions (66) and approximately 1300 appropriation and fund accounts [Ref. 57, p. 64-65].

These functional categories, however, were not previously used by Congress as a framework for making budget decisions. Historically, and by their own choice, the Congressional budget process has involved a series of separate decisions made with respect to individual appropriations bills; therefore, the traditional mechanism for reviewing and processing the budget has been the appropriation and fund account structure. The Act now requires Congress to establish an estimate of budget outlays and an appropriate level of new budget authority for each of the major Federal functions. Thus, the use of the functional categories has changed from one of merely displaying the budget to one of providing a framework for making Congressional budget decisions. This shift in emphasis has greatly increased the importance of the functional category structure. It is essential that this structure provide an effective framework within which the Congress can evaluate competing national priorities and make its budget decisions. Interestingly, many past Congressional efforts aimed at program reviews and analyses have failed or have been severely limited by an inability to readily and accurately translate, or "crosswalk," data from the appropriation account structure to a functional or program-oriented structure and vice-versa.

In 1965, President Johnson formally introduced the use of Planning, Programming and Budgeting (PPB) techniques in the evaluation of Federal programs throughout the Executive Branch. PPB was primarily a management technique designed to enable decision makers to review budget decisions within a program-oriented framework and more rationally choose among competing program alternatives on the basis of cost-benefit data. Subsequently, this experiment was abandoned in 1971 [Ref. 42, p. 8].

Although PPB's record in the Executive Branch was at best mixed and surrounded by controversy, it had little impact on Congress and the legislative budget process. This was partially attributed to the fact that the PPB system was limited internally to the Executive Branch and that, throughout the six-year period, Congress continued to receive the traditional (appropriations-oriented) budget-document information [Ref. 50, p. 475]. Others have argued that Congress purposely chose not to embrace PPB and utilize its program-oriented data for the more fundamental reason that the PPB technique implied internal conflict and was considered incompatible with committee norms (harmony and unity) and the traditional decision making process of Congress [Ref. 28, p. 740]. Notwithstanding the past controversies over PPB, it would appear that the new budget reform effort at least intends to more systematically and comprehensively review programs and alternative means of achieving program objectives through the use of a government-wide program structure. To accomplish this, however, the budget data "crosswalk" problem must be resolved.

The matter of developing a standard program-oriented classification structure is a necessary and integral element of the broader problem of identifying and specifying Congressional budget information needs. Consequently, both problem areas must be solved simultaneously. The matter of developing a Congressional budget information system is the subject of Title VIII and will be discussed further in that section.

The same basic source of budget information must now be made adaptable to the requirements of several users. The Authorizing Committees must be able to make budget recommendations to the Budget

Committees; the CBO must be able to provide analyses of budget alternatives and legislative "scorekeeping" reports; and the Budget Committees must be able to formulate budget recommendations with respect to both the budget totals and the distribution by function and by committee jurisdiction. Thus, the functional structure developed must not only meet the traditional needs of Congress (appropriations), it must also provide information which is satisfactory to the new users as well - or at least permit easy and accurate translation into a form usable by these other users. To further complicate the matter, each of the users require somewhat different information and levels of aggregation at different stages throughout the decision making process.

Both aspects of the problem are presently being worked on by GAO and CBO. The more immediate joint efforts are being driven by a need to relate the Federal budget to the various authorizing statues in order to make the budget more meaningful to the Authorizing Committees and to facilitate fulfilling the CBO scorekeeping report requirement. Long-range study efforts are underway to determine specific Congressional budgetary information needs and to develop expanded coding systems that provide a capability for aggregating budget information in various forms. The program classification structuring system developed will be an automated data system. It is hoped that the automated legislative scorekeeping system and the classification structure system designed will be compatible and use the same data base. A work group comprised of staff representatives of the HBC and the SBC, House and Senate Appropriations Committees, the House Ways and Means Committee, the Senate Finance Committee, CBO, and GAO has been established to seek agreement on the general requirements for the standard classification

structure and the criteria to be used in developing the structure. Other committee staffs and organizations including appropriate Executive Branch agencies will be consulted in this study. The goal is to obtain as much agreement as possible on the classification structure and criteria for presenting the necessary information in order to have a trial run for the 1978 Fiscal Year budget [Refs. 63 and 64].

While this is a monumental undertaking, these efforts are being actively supported and are receiving the cooperation of virtually all of the Congressional participants. As Congressional solidarity has built, OMB has expressed more concern and interest in becoming an active participant.

OSD and DON have expressed very little initial concern with this matter. This is probably a result of two factors: first, since this feature is not to be implemented until Fiscal Year 1979, it has been overshadowed by efforts to comply with the more immediate provisions of the Act; second, compliance is not considered a significant problem, since DOD already employs a mission/program structure in its Five Year Defense Plan (FYDP). This latter view is more prevalent, particularly at the working levels. The expected DOD response would be to take an early initiative in the development of a mission-oriented budget presentation which is acceptable to DOD rather than to wait and have an externally devised structure arbitrarily imposed. In any case, the matter will soon be under consideration by the SBC Defense Task Force. They have undertaken the development of a mission-oriented defense budget presentation as one of their first work projects.

c. Mid-Year Review

The date for the mid-year review required by the Legislative Reorganization Act of 1970 has changed from 1 June to 15 July and can be submitted concurrently with the President's 15 July budget update.

d. Five-Year Budget Projections

The President's budget will contain projections for four years beyond the next fiscal year. This new provision is in addition to existing requirements for projections such as five-year estimates for new and expanded programs; five-year forecasts in the mid-year budget review; and projections by Congressional committees.

This change is significant since it requires the President to make public projections of the scope of future plans and programs. Previously, this type information was utilized as internal planning information subject to discretionary changes of management. For many reasons, the Executive Branch may not desire to publicize this information, particularly if it were required on a very detailed rather than highly aggregated basis.

OMB guidance for preparation and submission of five-year projections for inclusion in the Fiscal 1976 budget required that these projections be estimates of the spending implications of agencies' Fiscal 1976 budget submissions. Such estimates were to represent the projected spending effect of policies and program levels proposed in connection with the 1976 budget. They were not to represent forecasts of future budget levels nor assume discretionary program increases beyond those specifically approved by the President for Fiscal 1976. All projections were in constant dollars at present day price levels and

did not include allowances for future Federal pay raises. Agency on-going programs whose authority expired during the forecast period were to be projected at the budget year program level [Ref. 38].

The DOD submission was by major function at a very high level of aggregation and did not require Service inputs. While the FYDP served as a basis for the initial five-year submission to OMB, the outyear projections were modified to exclude any discretionary program increases. OMB's position is that the FYDP is not a good basis for the five-year budget projections since, beyond the current budget year, it includes new initiatives and planning levels that do change the scope of various programs. Additionally, these outyear projections have not undergone the rigor of a comprehensive budget review. However, DOD was allowed a pricing exception by OMB for major construction, research and development and procurement of major weapons systems and projected these estimates at current (escalated) prices.

Several particular aspects of the OMB guidelines for formulation and preparation of the five-year budget estimates require further discussion. For the projections to realistically reflect future spending and not convey a false impression of either dropping-off or leveling-off over the ensuing five-year period, the estimates must assume continuation of those programs of an on-going nature, include growth allowances for certain beneficiary type programs (unemployment, medicare, etc.) and provide price escalation for certain major, multi-year purchase (capital investment) programs. The collective purpose of these adjustments is to eliminate or lessen a phenomenon called the "waterfall" effect. A large portion of the DOD projections involves spending programs which are considered on-going. For example, in the Tactical

Air Program, it is assumed that existing aircraft inventories will eventually be replaced with new, improved aircraft, and the basic program will continue. To do otherwise would be unrealistic and might signal a shift in national defense strategy. Also, DOD projections include many spending programs for major multi-year purchases (weapons systems procurement, R&D and construction) which involve both rapidly changing technology and large capital investments. As evidenced by the five-year defense estimates presented in the Fiscal 1976 budget (Figure 5), these adjustments result in substantial increases over the five-year period. A comparison of the five-year estimates for the other functional categories illustrates clearly the significance and vagaries of applying the OMB projection guidelines.

The DON response to the five-year budget projection requirement primarily has been to place greater emphasis on updating the FYDP, developing the projections and ensuring budget/FYDP consistency.

e. Allowances for Supplemental and Uncontrollable Expenditures

This provision requires the President to include an estimate for supplemental appropriations and uncontrollable expenditures in his budget submission. Its purpose is to provide Congress with a more comprehensive and realistic estimate of budget requirements for the ensuing fiscal year. While the Federal budget has previously included an allowance for contingencies, it generally has been a token amount ($1 billion in Fiscal 1975), and has been inadequate to cover either supplemental appropriations which have been averaging approximately $10 billion a year or uncontrollable costs which often exceed their budget estimates.

BUDGET AUTHORITY BY FUNCTION FOR
FISCAL YEAR 1976 ($billions)

DESCRIPTION	1976	1977	1978	1979	1980
Budget authority:					
National defense	107.7	118.5	129.5	140.0	149.4
International affairs	12.6	8.9	8.9	8.5	8.1
General science, space, and technology	4.7	4.7	4.5	4.2	3.7
Natural resources, environment, and energy	12.2	11.9	7.5	6.9	6.7
Agriculture	4.3	2.0	1.8	1.9	1.9
Commerce and transportation	6.6	14.1	14.5	14.6	14.8
Community and regional development	5.2	5.4	5.1	5.3	5.3
Education, manpower, and social services	13.7	13.7	13.7	13.7	13.8
Health	31.0	35.3	41.5	47.2	52.5
Income security	135.3	174.9	188.7	202.5	215.0
Veterans benefits and services	16.2	15.5	15.1	14.8	14.5
Law enforcement and justice	3.2	3.2	3.3	3.4	3.4
General government	3.3	3.6	3.7	4.1	4.3
Revenue sharing and general purpose fiscal assistance	7.3	7.3	7.4	7.6	7.7
Interest	34.4	38.5	38.5	38.7	38.6
Allowances	8.3	13.8	16.9	20.1	23.2
Undistributed offsetting receipts	-20.2	-19.3	-20.1	-20.9	-21.6
Total budget authority	385.8	452.1	480.7	512.7	541.4

Source: The Budget of the United States Government, 1976

FIGURE 5

In this regard, DOD would prefer to make "one-shot" budget submissions with amendment and supplementals being the exception rather than the rule. The Congressional budget process is so complex, and the timetable so tight, that it would appear unwise to burden the system with multiple submissions. Also, it will be difficult to protect large contingent amounts in the Congressional concurrent resolution and reconciliation process.

f. Current Services Budget

Submission of a current services budget by the President on 10 November of each year is the first step in the new Congressional budget process. This budget will estimate the budget authority and outlays needed to carry on existing programs and activities for the next fiscal year, assuming no policy changes but allowing for changes in economic conditions. An amendment setting forth the concept of a current services budget was first introduced by Senator Muskie. Its purposes were previously discussed in Section 3.b of this Chapter.

The 10 November submission date is a modification of the 1 December deadline originally set by the Senate Government Operations Committee in reporting the bill. At subsequent hearings on the subject, former OMB Director Roy Ash complained that the 1 December deadline would interfere with preparation of the President's budget, and he indicated that an earlier date might be preferable [Ref. 67, p. 74]. The 10 November date was chosen so as to occur after the end of the preceding year and after Presidential and Congressional elections.

The Act does not require the current services budget to be submitted in the same detail as the President's budget. Although presented on a summary level, it must contain information by agency and

be broken down to the major program level. The Act also requires submission of supporting information, such as the rate of inflation, the rate of real economic growth, the unemployment rate, program case-loads and pay increases.

OMB guidance for preparation and submission of the 1977 current services budget estimates states that it should reflect the anticipated costs of on-going Federal programs and activities at 1976 current services levels without considering policy changes (e.g., ignoring all pending legislative proposals, both Presidential and Congressional). Estimates should allow only for the expected future implications of current law and for anticipated changes of a relatively uncontrollable nature. Permanent type programs whose authority is scheduled to expire during the year should be assumed to continue. Programs should not be adjusted for price increases beyond 1 September, 1975, except to the extent required or specifically permitted by current law. Major construction projects, such as the nuclear breeder reactor and major weapons systems, should include an inflation factor only if appropriations include amounts for future price increases. Other programs should not be adjusted for inflation since this would require a change in the existing law [Ref. 41].

It is expected that DOD current services budget estimates will be submitted at a high level of aggregation and without individual Service inputs. Initial DOD concerns with the current services budget input are that it is to be submitted to OMB too early (15 September) and that estimates for supplies and services will not be adjusted for inflation.

g. Off-Budget Agencies

This provision provides for future studies by the Budget Committees of off-budget agencies whose activities and expenditures are not presently included in the Federal budget (e.g., Export-Import Bank, U.S. Railway Association, etc.). Although off-budget agencies are not included in the budget, information and financial statements of these activities previously have been included as annexes to the Federal budget submission.

h. Advance Requests for Authorizations

This provision of the Act is one of a number of provisions designed to encourage advance budgeting. It requires submission of requests for new authorizing legislation no later than 15 May of the calender year preceding the year in which the fiscal year to which the legislation applies will begin. Thus, by 15 May 1976, the President must request authorizations for the fiscal year beginning 1 October 1977. Also, requests for new authorizations will be submitted for at least the first two fiscal years. This provision was added in conference for the purpose of enabling committees to complete the reporting of authorizing bills by the 15 May deadline. Some individuals feel that the new Congressional budget timetable will work only if Authorizing Committees can develop procedures to consider advance authorizations for programs now authorized on an annual or multi-year basis. In this regard, Title V provides for CBO and OMB to jointly study the feasibility and advisability of advance budgeting.

OMB guidance for preparation and submission of advance authorizing legislation required that DOD's Fiscal 1976 and 1977 authorization requests be submitted in the same bill, and that amounts

requested should be consistent with the five-year projections included in the Fiscal 1976 budget [Ref. 39].

Although DOD submitted its Fiscal 1977 authorization requests in early calendar year 1975, Congress has not been able to review these requests pending completion of action on the Fiscal 1976 budget. It is anticipated that the Armed Services Committees will commence hearings on the Fiscal 1977 authorization requests in the Fall of calendar year 1975. The initial submission required extra effort to prepare authorization requests for two years. However, after the initial transition period, the new procedure should not create any insurmountable problems other than those inherent in attempting to formulate and refine program details almost two years in advance. To this end, a tentative accommodation has been made to permit updating of the "year-ahead" authorization requests twice during the review process. For example, the Fiscal 1977 advance authorization request could be revised once within 15 days following completion of Congressional action on the Fiscal 1976 appropriations requests and once following formulation of the DOD Fiscal 1977 budget.

i. Summary

The provisions of this Title are primarily designed to specify the content of the President's budget submission and provide Congress with additional budgetary information. While considerable effort is involved in producing the desired information, most individuals are optimistic that they can satisfy each of the requirements. It is still too early to assess the implications of the more significant features, particularly those matters which are subject to political manipulations.

7. Title VII - Program Review and Evaluation

a. General

In the Federal government, Congressional responsibility for legislation, appropriations, budgeting, oversight and investigations requires the Congress to make its own appraisals of the effectiveness of programs and to monitor evaluations made by the Executive Branch. Title VII of the Act specifically gives formal expression to this imperative responsibility by amending and expanding the Legislative Reorganization Acts of 1946 and 1970 and by adding a requirement for the Budget Committees to study, on a continuing basis, proposals to improve Congressional budget-making.

b. Review and Evaluation by Congressional Committees

This section amends the Legislative Reorganization Act of 1946 to authorize committees to fulfill their oversight responsibilities by contract or by requiring Federal agencies to conduct program reviews and evaluations. The techniques to be used may include pilot testing, cost-benefit analysis and periodic evaluations. This amendment was proposed as a partial substitute for a more stringent program evaluation feature originally reported by the Senate Government Operations Committee in their version of the bill. The original feature would have required pilot testing of all new major programs prior to their implementation and would have mandated broad evaluation and review duties for Congressional committees.

Senator Brock (R-Tenn) has been a strong proponent of an expanded committee program evaluation role throughout enactment of budget reform legislation. In an independent, in-house effort, Harrison Fox, a member of Senator Brock's staff, has prepared and circulated a

Program Evaluation Manual for education and use of legislators and their staffs. This paper's intended purpose is "to provide legislators and their staffs with sufficient knowledge (basic) of evaluation research to maintain their political autonomy while focusing on the best possible evidence for the legislative questions at hand " [Ref. 19].

c. Review and Evaluation by the Comptroller General

This provision expands the authority given to the Comptroller General (GAO) in the Legislative Reorganization Act of 1970 to assist Congress in performing their program review and evaluation responsibilities. GAO will provide increased assistance by: (1) helping Congressional committees develop statements of legislative objectives and methods of assessing and reporting actual program performance and in analyzing and assessing program reviews made by Federal agencies; and (2) developing and recommending methods for reviewing and evaluating Government programs. In carrying out these tasks, the Act authorizes the establishment of an Office of Program Review and Evaluation in the GAO.

As one endeavor in their expanded program review and evaluation role, GAO has recently prepared a draft manual entitled Analysis and Evaluation Support of Decisionmaking [Ref. 55]. This document is intended to aid those involved in analyzing or evaluating programs and has been circulated throughout Congress and other Government agencies for review and comment. Eventually, they plan to expand this document into a standard Government Program Evaluation Manual. As a related matter, GAO considers the development of a government-wide program classification structure and a budget information system that will allow accurate translation of data from the traditional appropria-

tion account structure to a program-oriented structure as a necessary prerequisite for viable program review and evaluation. As discussed earlier in Title VI, this inability to readily relate appropriations account data to identifiable programs has hampered many past performance evaluation and budgeting attempts of Congress.

d. Studies of Budget Reform Proposals

This section requires the Budget Committees to continue studying proposals designed to improve and facilitate methods of Congressional budget-making. Study subjects are to include proposals for program pilot testing, improved program analysis and evaluation, time limitations for program authorizations and human resource accounting. This provision does not preclude other Congressional committees of appropriate jurisdiction from conducting their own budget improvement studies. This provision was originated as a floor amendment by Senator Brock to partially restore some of the more stringent committee review and evaluation features previously struck from the Senate version of the Act (S. 1541) by the Rules and Administration Committee.

One of the House Budget Committee's Task Forces has been established to review and oversee the budget process. This Task Force, chaired by Representative Brock Adams (D-Wash), is immediately concerned with implementation of the full budget process in Fiscal 1977, recommendations for any necessary changes in the budget Act, overseeing operation of the CBO and development of functional categories for use in submission of the Fiscal 1978 budget.

e. Summary

In setting national priorities and working within self-imposed budget limits, Congress will need accurate and timely feedback

about the cause-effect relationship between program results and Congressional goals. Viable program review and evaluation will be a necessary link in providing this feedback information to Congress. Title VII provisions, while not an integral part of the new budget process, should improve program review and evaluation efforts and thereby assure more informed Congressional budget decisions.

8. Title VIII - Fiscal and Budgetary Information

a. General

Fully recognizing the fact that reliable and timely information is a prerequisite for power, this Title of the Act amends sections of the Legislative Reorganization Act of 1970 and adds one additional provision to ensure an improved flow of budgetary information that will satisfy the needs of Congress. The mere statement of these particular provisions is far easier than the practical aspects of implementing their intent. While the detailed work of designing and developing a Congressional fiscal and budgetary information system is rather mundane and tedious, albeit complex, the matters of content, format and aggregation level become quite important and sensitive to both the users and the providers. Consequently, these issues elicit concern and recommendations from all levels. By its very nature, this effort entails Government-wide participation and necessitates working on a dynamic system which cannot be interrupted.

b. Budgetary and Program Data Systems

This Section amends the Legislative Reorganization Act of 1970 to provide for development of budgetary information systems, standardized terminology, classifications and codes, and the availability of information to Congress and State and local governments. The 1970

Act originally charged the Department of the Treasury and OMB with developing standard classifications in cooperation with GAO. The new Act now vests lead authority in the Comptroller General (GAO) who, in cooperation with the Treasury, OMB and CBO, will develop standard terminology, definitions, classifications and codes for use by all Federal agencies in supplying budget related data to Congress. The impetus for this change is found in Congress' general dissatisfaction with the past efforts of OMB and Treasury in implementing the 1970 Act and further reflects their view that design and implementation of such a system must be directed by its own agent (GAO) if the needs of Congress are to be served in a timely manner. This shift in responsibility was not without protest and question by the Executive Branch. They expressed concern regarding the propriety of the Comptroller General dictating budget terminology and classifications for the President's budget submission and viewed such action as an encroachment on the President's authority for determining the content of the Federal budget as previously established in the Budget and Accounting Act of 1921 [Ref. 67, p. 77]. In amending this Section, Congress, however, recognized the President's prerogatives in formulating his budget and did not prohibit the use of different classifications by the President as long as the budget submission also contains the Congressional classifications specified by the Comptroller General. In short, the desired alternative would be for both GAO and OMB to jointly devise standard budget classifications that would be satisfactory for the needs of both the Executive Branch and Congress. Present efforts are apparently following this course of action.

Accordingly, GAO has expanded efforts in three interrelated project categories: Congressional information needs, standard classification structure, and monitoring recurring reports. An initial step was to develop a proposed listing of approximately 90 standard budgetary terms which is being circulated among various interested committees and organizations for review and comments. From several past studies of Congressional needs for information, GAO has identified a requirement for three general types of information: (1) basic financial information and impacts of Federal programs; (2) socio-economic and national estimates (gross national product, cost-of-living indices, etc.) indicating the impact of Federal fiscal policies; and (3) information on revenues, outlays, domestic assistance programs and information essential to assessing results related to States. Most importantly, they identified the need for accumulating, summarizing and presenting information on Federal programs according to classification structures which reflect program objectives [Ref. 64, p. 3]. They have been doing considerable work with both the Appropriations and Authorizing Committees in defining their detailed informational needs. Both have widely varying and specialized information requirements. The assistance provided to the Authorizing Committees has primarily concentrated on defining and developing their information requirements for preparing their 15 March reports (views and estimates) to their respective Budget Committees. Recently, GAO's information requirements work has been expanded to include the Budget and Government Operations Committees and the CBO. As mentioned previously in Title VI, they are now jointly working with the CBO on the long-term problem of developing a comprehensive Congressional budget information system and the more immediate problem of relating the

Federal budget to the various authorizing statutes in order to make the budget more comprehensible to the Authorizing Committees. This latter project is to be completed prior to 31 December 1975 to permit its use in reviewing the President's Fiscal 1977 budget.

In the more sensitive project area of developing the Government-wide classification structure, GAO prepared a draft proposal in early 1975 which was distributed to the Appropriations and Budget Committees of both the House and Senate, CBO, OMB and the Department of the Treasury for comments. At that time, the various committee staffs and the CBO indicated that they needed more experience working with the new budget process before establishing the initial standards. In recognition of this need for delay, GAO, therefore, postponed submitting a comprehensive classification structure. As indicated earlier, GAO has now organized a work group comprised of staff representatives of the Budget Committees, Appropriations Committees, House Ways and Means Committee, Senate Finance Committee and CBO to seek agreement on the general requirements for the standard classification structure and the criteria to be used in developing the structure. Other committee staffs and organizations, including appropriate Executive Branch organizations, will be consulted in this effort. To date, this project has received excellent Congressional staff support and OMB's cooperation. GAO's long-range efforts will be primarily directed toward meeting the broader provisions of this Title, while simultaneously considering the program-oriented budget presentation required under Title VI for Fiscal 1979. The goal is to gain sufficient agreement on a standard classification structure so that it can be tested during the Fiscal 1978 budget process [Ref. 63].

In regard to the task of monitoring Congress' recurring report requirements (approximately 750 reports), GAO has divided the project into four areas: (1) compiling a computer-based inventory of requirements for recurring reports; (2) publishing the initial inventory; (3) monitoring new reporting requirements and changes to maintain the inventory; and (4) evaluating reporting requirements. The initial objective is to establish the complete and accurate computer-based inventory of Congressional requirements for recurring reports by 30 June 1976 [Ref. 64, p. 25].

c. Changes in Functional Categories

This provision requires that the budget functional categories [Appendix G] can be revised only after consultation with the Budget and Appropriations Committees of both Houses. Since the Act shifts the utility of the functional categories from mere informational to decisional classifications, Congress now desires to control the shaping of these categories. While this provision does not specifically imply that the Executive Branch can no longer institute functional category changes, the question may be academic since the earlier Title amendment has granted the Comptroller General authority to establish standard budget classifications and functional categories. Again, the preferred or most effective course of action would be a joint GAO and OMB change proposal to the four committees.

d. Summary

The most important single Government-wide report submitted to Congress is the President's budget. If Congressional budget reform is to ever be effective, Congress must have accurate and timely budgetary and fiscal information and a facility for rapidly

manipulating and analyzing such data. The Act has provided the necessary mechanism to develop and maintain a comprehensive Congressional budget information system. While the task is monumental and involves many participants, sheer necessity apparently is forging unprecedented Congressional staff cooperation and providing a stimulus for active Executive Branch participation.

9. Title IX - Effective Dates and Miscellaneous Provisions

a. Miscellaneous Provisions

Under this Title, there are a number of miscellaneous provisions which were necessary in order to make the Act compatible with the way Congress operates. These necessary modifications can be viewed broadly from both chambers.

(1) House Rules. Section 901 modifies the jurisdiction of the House Appropriations, Ways and Means, and Government Operations Committees to comply with the Act. It exempts the House Budget Committee from oversight duties and from size limitations of its professional and clerical staffs. The HBC, therefore, has the same status as the Appropriations Committee and may hire, without special authorization, staff personnel above the levels set in the House Rules. Additionally, the HBC is authorized to meet when the House is in session under the five-minute rule. And, finally, the Title permits the Budget Committee to draw from the House contingency fund without an expense resolution.

(2) Senate Rules. Similar modifications have been made to the Senate Rules to adjust the jurisdictions of the Senate Finance and Government Operations Committees to comply with the Act. Furthermore, in Section 903, two amendments authorize the Budget Committee to

sit, without special leave, while the Senate is in session and exempt it from oversight responsibilities given to other Senate committees.

b. Exercise of Rulemaking Authority

The provisions of this Title, pursuant to the Congressional budget process, are enacted by Congress as an exercise of the rulemaking power of both Houses and may be changed by either. Thus, Title I's provisions, pertaining to the House and Senate Budget Committees, may be changed by the affected House in accordance with the correct procedures for changing its rules. In fact, both Houses altered the sizes of their Budget Committees at the start of the 94th Congress. Additionally, it permits the waiver or suspension of any provision of Title III or IV by majority vote or unanimous consent of the Senate. There is no similar provision in the Act for the House.

c. Effective Dates

A phased implementation schedule was also put forth in this title (Figure 6). It provided for staggered implementation, rather than one overall effective date for its provisions. However, in considering the dates listed in Figure 6, one must be aware that the optional implementation authority vested in the Budget Committees, under Section 906 of this Title, provides broad control over the budget process for the Fiscal Year 1976. Optional implementation shall be "to the extent and in the manner" prescribed upon agreement by the two Budget Committees, and they also have the authority to adjust timetable dates to facilitate the process. If, however, the Budget Committees decide not to apply certain provisions of the Act to the 1976 Fiscal Year, these aspects relating to the Congressional budget process will first become effective for Fiscal Year 1977.

IMPLEMENTATION SCHEDULE

Provision	Takes Effect
Budget Committees	Upon enactment.
Congressional Budget Office	When the first CBO Director is appointed. (February 1975)
Congressional Budget Procedures	1977 Fiscal year, or Fiscal-1976 to the extent specified by the Budget Committees.
Backdoor Spending Controls	January 1976.
Advance Authorization Submissions	1976 Fiscal year.
Shift in fiscal year	1 October 1976.
Current Services Budget	10 November 1975.
Executive Budget Changes (most)	1976 fiscal year.
Program Evaluation and Budget Information Titles	Upon enactment.
Impoundment Control	Upon enactment.

Source: CRS 75-33 S, CRS-12, 5 February 1975.

FIGURE 6

d. Summary

Thus, Title IX sets forth a number of miscellaneous provisions to facilitate overall acceptance and implementation of the Budget Committees and new budget processes. Additionally, effective dates are provided in a staggered manner with primary responsibility for determining Fiscal 1976 optional implementation residing with the two Budget Committees. All provisions of the new Act relating to the Congressional budget process will be implemented for Fiscal 1977, regardless.

10. Title X - Impoundment Control

a. Background

This Section establishes a procedure for Congressional review and control of impoundments and was considered by many as a critical, companion feature of budget reform. One without the other would have left Congress in an ineffective position. As stated by Representative Bolling (D-Mo):

> It makes no sense for Congress to establish new procedures for the appropriation of funds if the President can override the will of Congress by means of impoundments [Ref. 59].

The basic issue surrounding all impoundments is the failure of the President to spend funds appropriated by Congress. This practice had been employed by Presidents for many decades; however, in recent years, impoundments have become increasingly controversial because funds have been withheld by Presidents solely to change the programs and policies previously authorized by Congress. As discussed in preceding paragraphs, this issue became crucial during the Nixon Administration and was one of the primary coalescing forces behind

Congressional budget reform legislation. President Nixon's unprecedented impoundments and abrasive leadership style vis-a-vis the Legislative Branch contributed to the feeling in Congress that he was a definite threat to the traditional Congressional power of the purse [Ref. 42, p. 17].

The major compromise arising from conference action on the Act involved its impoundment features. The final version of the Act took its form from earlier anti-impoundment bills of the two Houses. The House version (H.R. 8480) was somewhat more permissive and would have permitted the President to impound funds unless one House passed a resolution requiring him to spend the funds. The Senate version (S. 373) was more restrictive and would have placed the presumption against the impoundment. If the President did not want to spend appropriated funds, he would have to request and obtain the approval of both Houses to do so [Ref. 42, p. 14].

b. Disclaimer

At the core of the conflict has been the dispute over the general authority of the Executive Branch to impound funds. This Section was included for the purpose of disavowing any possible interpretation of the new impoundment controls as constituting approval of any past or future impoundments or the authority of the President to impound funds.

c. Amendment to Antideficiency Act

This provision amends the Antideficiency Act to restrict the purposes for which reserves may be established. Funds can be withheld only for contingencies or for savings made possible by changed requirements or improved efficiency. It removes the previous authority

to establish reserves because of "other developments."

d. Repeal of Existing Law

This Section repealed the Federal Impoundment and Reporting Act, Title IV of Public Law 92-599.

e. Rescission of Budget Authority

Rescissions must be proposed by the President whenever he determines that: (1) all or part of any budget authority will not be needed to carry out the full objectives of a particular program; (2) budget authority should be rescinded for fiscal reasons; or (3) all or part of budget authority provided for only one fiscal year is to be reserved from obligation for that year. In such instances, the President must send a special message to Congress requesting rescission of the budget authority, explaining fully the circumstances and reasons for the proposed rescission. Affirmative action by Congress in the form of an enacted rescission bill must be completed to rescind funds. During consideration of the President's proposals, the Congress may adjust amounts proposed for rescission. Unless both Houses complete action on a rescission bill within 45 days of continuous session, the President must release the funds for obligation.

f. Deferral of Budget Authority

Deferrals must be proposed by the President whenever any Executive action or inaction effectively precludes the obligation or expenditure of budget authority. In such cases, the President is to submit a special message to the Congress recommending the deferral of that budget authority. Either House may then pass an impoundment resolution disapproving the deferral and requiring that the funds be made available for obligation. The deferral Section contains no

provision that allows Congress to adjust amounts deferred by the President, nor does it place any time limitations on Congressional action disapproving a reported deferral. If, however, no action is taken by the Congress, the deferral may remain in effect until the end of the fiscal year, unless the special message indicates that an earlier release is planned.

g. Role of the Comptroller General

Rescission and deferral messages also are to be submitted to the Comptroller General who must review each message and advise Congress of the facts surrounding the action and its probable effects. In the case of deferrals, he must state whether the deferral is in accordance with existing statutory authority. The Comptroller General is also required to report to Congress reserve or deferral actions which have not been reported by the President; and to report and reclassify any incorrect transmittals made by the President. If budget authority is not made available for obligation by the President as required by the impoundment control provisions, the Comptroller General is authorized to bring a civil action to compel the release of improperly impounded funds. However, such action may not be brought until 25 days after the Comptroller General has filed an explanatory statement with the Speaker of the House and the President of the Senate.

h. Additional Reports

The President is required to transmit supplementary messages to Congress whenever any information contained in a special message request is revised. Also, he is required to submit monthly cumulative reports of proposed rescissions, reservations and deferrals. These reports will be published in the Federal Register and are expected

to fully explain the factors that prompted the various impoundment actions.

i. Executive Department Implementation

OMB has promulgated information on the provisions of this Title and guidance for preparation of agency apportionment and reapportionment requests [Ref. 40]. Both OMB and OSD representatives have indicated that impoundments will have limited implications for DOD and DON other than increased attention to necessary monitoring and reporting requirements.

There was some initial concern that DOD reprogramming actions[15] might be subject to the provisions of this Title. The reprogramming procedure was formally recognized by the House Appropriations Committee and written into the provisions of the DOD Fiscal 1974 Appropriation Act (H.R. 11575). A similar provision was also written into the DOD Fiscal 1975 Appropriations Act (H.R. 16243). This procedure has evolved with the concurrence of the Appropriations and Armed Services Committees of both Houses to allow DOD some flexibility when changing conditions indicate that funds should be allocated in a manner other than as specified in the hearings and justifications. To date, there has been no indication that Congress desires to change the existing reprogramming procedure.

j. Summary

The provisions of this Title were designed to place limitations on a President who continued to unilaterally abrogate the

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[15]Changes in the application of financial resources from the purposes originally contemplated and budgeted for, testified to, and described in the justifications submitted to Congressional committees in support of budget requests. Funds are available for reallocation through the reprogramming process only within the same appropriation account [Ref. 65].

policy decisions of Congress and undermine the Congressional power of the purse. With the passage of this Act, Congress has placed significant constraints on the President's discretion and authority in managing the Nation's economy. In retracting this measure of Presidential fiscal authority, Congress has implicitly assumed a commensurate amount of fiscal responsibility. The Act's budget reform procedures provide the necessary framework for exercising this fiscal control if Congress is willing to discipline itself for undertaking the task at hand.

While the Act does limit the President's discretion in making decisions regarding the expenditure of Federal funds, its intent can be circumvented in several ways if the President should so desire. For example, he could flood Congress with rescission and deferral messages; he could classify rescissions as deferrals or refuse to report his actions; or he could use departmental administrative directives to slow the implementation of various programs [Ref. 42, p. 18]. President Ford has already been criticized for employing such tactics, particular in his liberal use of deferrals [Ref. 37].

C. FUNCTIONAL ANALYSIS OF THE CONGRESSIONAL BUDGET ACT

1. The Horizontal View

The previous section presented a descriptive analysis of the Act by employing its legal framework as an outline. This title-by-title approach gave the reader a rather diverging, vertical explanation of the Act's many provisions. This section provides a functional analysis or horizontal view of the Act in order to more clearly interrelate the duties and responsibilities of the various participants, to depict the time-phasing of the old and new budget review processes and to define some potential problems.

2. The Hill Troika/Inputs-Outputs

As a result of the Act, three new organizations were specifically created. Figure 7 depicts these organizations as the House and Senate Budget Committees and the Congressional Budget Office - the Hill Troika. They were formulated to assist Congress in implementing the Act's reform procedures. Their duties and functions are as follows:

a. CBO Duties:

(1) to act as Congress' primary source of information on the budget and on taxing and spending legislation;

(2) to assume the duties of the Joint Committee on Reduction of Federal Expenditures, particularly its scorekeeping functions;

(3) to issue an Annual Report each year by 1 April to the two Budget Committees. This report will provide analyses of various budget levels in the aggregate as well as by major functional category;

(4) to assist the two Budget Committees, the Committees on Appropriations, Ways and Means, and Finance, and all other Committees and members, in that order, with budget related matters.

b. SBC Duties:

(1) by 15 April of each year, to report the first concurrent resolution on the budget to the Senate;

(2) exclusive jurisdiction over any bill, resolution, or amendment dealing with any matter covered by a concurrent resolution on the budget;

(3) jurisdictional consideration with respect to waiver of any bill or resolution authorizing the enactment of new budget authority;

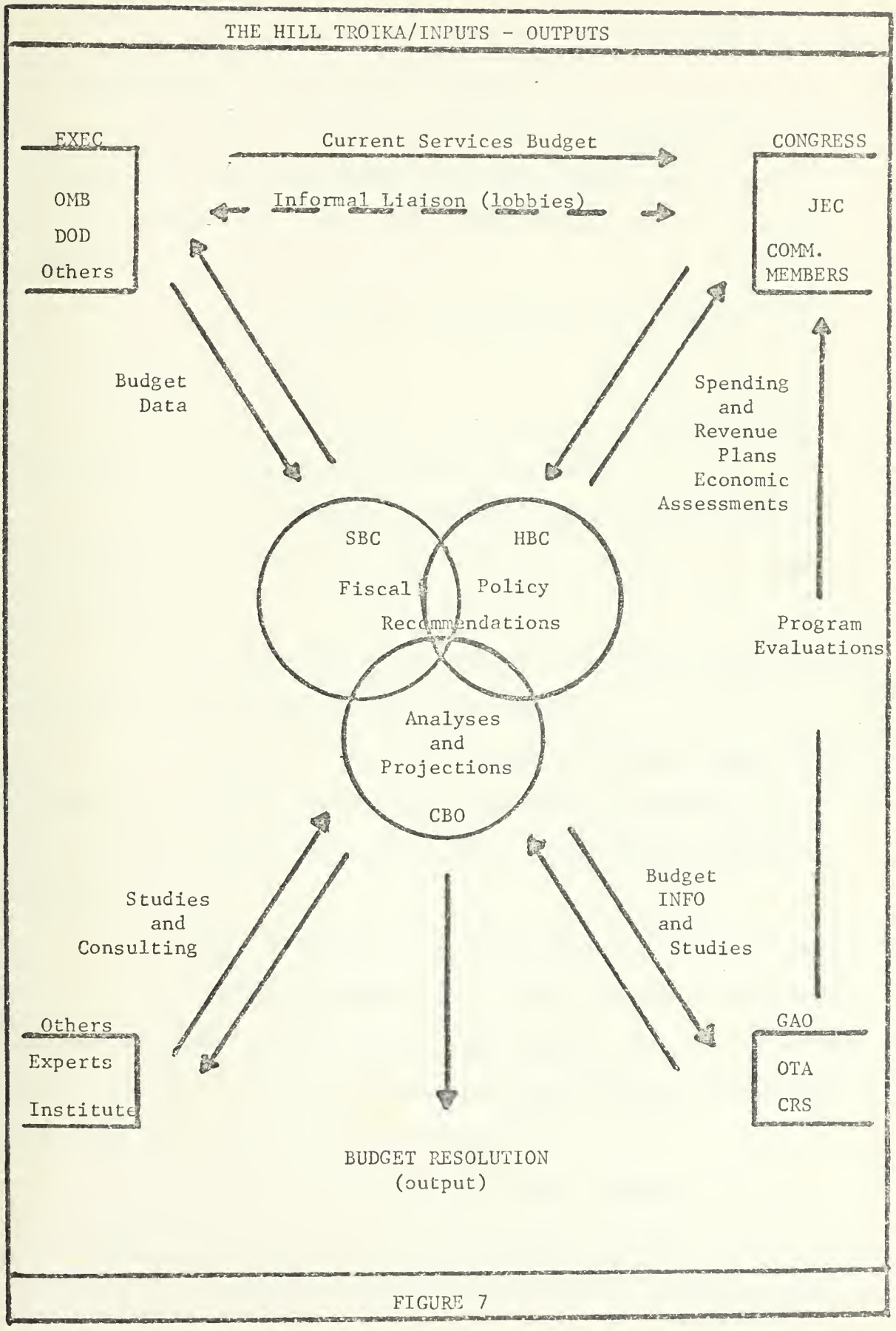

THE HILL TROIKA/INPUTS - OUTPUTS
EXEC
OMB
DOD
Others
Current Services Budget
Informal Liaison (lobbies)
CONGRESS
JEC
COMM.
MEMBERS
Budget
Data
Spending
and
Revenue
Plans
Economic
Assessments
SBC
HBC
Fiscal
Policy
Recommendations
Program
Evaluations
Analyses
and
Projections
CBO
Studies
and
Consulting
Budget
INFO
and
Studies
Others
Experts
Institute
GAO
OTA
CRS
BUDGET RESOLUTION
(output)

FIGURE 7

(4) to continue studies of the effect on budget outlays of relevant existing and proposed legislation;

(5) to request and evaluate continuing studies of tax expenditures, to devise methods to coordinate tax expenditures, policies, and programs with direct budget outlays, and to report the results;

(6) to review, on a continuing basis, CBO operations.

c. HBC Duties:

(1) by 15 April of each year, to report the first concurrent resolution on the budget to the House;

(2) exclusive jurisdiction over any bill, resolution, or amendment dealing with any matter covered by a concurrent resolution on the budget;

(3) to continue studies of the effect on budget outlays of relevant existing and proposed legislation;

(4) to request and evaluate continuing studies of tax expenditures, to devise methods to coordinate tax expenditures, policies, and programs with direct budget outlays, and to report the results;

(5) to review, on a continuing basis, CBO operations.

The duties and functions of the two Budget Committees are very similar. The CBO, however, was created as a separate analytic arm of Congress and, as such, serves the entire Congress with primary responsibility to the two Budget Committees.

In addition to the Hill Troika, a number of other organizations have prescribed responsibilities under the new law. For example, the Act authorizes Congress greater access to agency budget

information within the Executive Branch. New relationships and communication channels will develop as this aspect of the law becomes more fully understood. GAO will play a significantly important and expanded role as it performs its program evaluation and feedback function for Congress. Also, GAO has been given the lead responsibility for developing a legislative budget classification structure system and for conducting a continuous program to identify and specify the budgetary information needs of Congress. The OTA and CRS will be called upon to lend their respective technical and research expertise in assisting the Hill Troika. Additionally, CBO is authorized to utilize outside information sources, such as individual consultants or The Brookings Institution, to assist them in carrying out their analytical duties. And, finally, in view of the manner in which the new process was created to overlay the traditional budget-making system, the Hill Troika must forge close relationships with the existing standing committees and their members to ensure compatibility in formulating the Congressional budget.

There are now a greater number of inputs and outputs required because of the Act and its new organizations. A graphic presentation of these additional inputs/outputs as they relate to the three central instrumentalities can be observed in Figure 7. Basically, the inputs are fed into the Troika as a whole. There the data is digested, analyzed and displayed by the new organizations. Specifically, the CBO is responsible for analyzing budget data. They then periodically disseminate reports of various budget issues and alternatives within Congress. Once a year (1 April), the CBO must publish the Annual Report, which will be a compilation of those issues and budget alternatives studied, displaying the information in the aggregate as well as by major

functional category. The two Budget Committees receive all CBO analyses plus additional views and recommendations from Congressional committees regarding their future spending and revenue plans. The JEC submits an economic evaluation based upon the President's current services budget. The Budget Committees then formulate the first and second concurrent budget resolutions from the mass of assimilated budget information for presentation to their respective Houses.

d. Executive Branch Budget Data Requirements

Figure 8 enumerates the Executive Branch requirements for complying with the provisions of the Act. The potential problems outlined are those considered particularly relevant for DOD and the Navy. There are four major issues which the authors felt were of primary concern: the current services budget estimates, the year-ahead requests for authorization, the five-year budget projections and the question of agency missions and programs. The Figure briefly notes the requirement, its intended purpose, effective date, and the potential problems of each of the four issues. An in-depth analysis of each of these matters can be found in Section B., 6. of this Chapter.

When discussing these various duties, relationships and informational flows, several potentially important, unresolved issues and problems become apparent. They are briefly listed here and will be looked at in greater detail at the end of this Section (Implications and Potential Problems):

(1) staffing and CBO employment

(2) improved information flow and disclosure

(3) sensitivities of legislative jurisdiction

(4) Congressional decision making processes.

FIGURE 8

EXECUTIVE BRANCH/DEPARTMENT OF DEFENSE BUDGET DATA REQUIREMENTS

ISSUE	REQUIREMENT/PURPOSE	EFFECTIVE/ FREQUENCY	POTENTIAL PROBLEMS*
Current Services Budget	Estimate of outlays and budget authority for next fiscal year assuming level spending and no policy changes.	10 Nov 75	Level of detail to be required. Early submission date. Not consistent in applying inflation adjustments.
	Purpose: Provide early start on Congressional budget and base for evaluating economic impact.	Annually	
Year-Ahead Requests for Authorization	Require submission sixteen and one-half months early.	15 May 75 (year earlier)	Difficulty in refining program details almost two years in advance. Subsequent updates.
	Purpose: Give Authorization Committees sufficient time to review and to encourage advance budgeting.	Annually	
Five-Year Budget Projections	Projections four years beyond next fiscal year required.	Jan 76 budget	Level of detail to be required. Divulges President's future initiatives. Limits planning flexibility.
	Purpose: Facilitate long-range budgeting and assessment of economic impacts.	Annually	
Agency Missions and Programs Structure	Detailed structure of national needs, agency missions and basic programs required.	Jan 80	Single standard program structure to satisfy all of Congress. Ability to "crosswalk" from appropriations accounts.
	Purpose: Provide more meaningful decision framework which relates spending to specific programs and permits program evaluation.	Annually	

*See Ch. IV, C. 6., for details.

3. Time-Phasing Comparison

Figure 9 displays a time-phased comparison between the past budget process and the new one. Of immediate interest, is the fact that several actions in the new process take place well in advance of the budget year shown. A full sixteen and one-half months prior to the fiscal year considered (eight months before the President's budget submission regarding it), the Administration must submit requests for new authorizing legislation. As Figure 8 noted, there were two purposes for this early action: to allow the Authorization Committees sufficient time to meet their 15 May reporting deadline; and, to encourage advance budgeting. Then in November, just two months before his annual budget submission, the President must provide Congress with a current services budget which projects programs ahead assuming all activities and programs were continued at the same spending level as the year in progress. Its purpose is to convey Executive agency budgeting data to the Congress at an early date so that Congress may begin to analyze the information and evaluate its economic impacts.

In addition to those activities requiring early initiation, it should be noted that the annual budget timetable itself contains some very restricting and critical deadlines. This is quite unlike the traditional budget-making process which had no firmly fixed dates, but instead, because of the fragmented manner in which the process was carried out, often continued well into the new fiscal year. However, in keeping with the new schedule, the Budget Committees must report the first concurrent resolution on the budget to their respective Houses by 15 April. This allows one month for floor consideration and conference action before the adoption deadline of 15 May. Also prior to 15 May,

OLD	TIME-PHASING COMPARISON	NEW
	May	NLT 15 May advance (16 1/2 mos.) submission by Executive of proposed new authorizing legislation.
	Nov	NLT 10 Nov President submits current services budget.
President submits budget.	Jan	President submits budget.
Congress begins hearings.	Feb	CBO/HBC/SBC study the budget.
	Mar	Committees and Joint Committees submit views and recommendations to their Budget Committees.
Reporting of Authorizing bills - no deadlines - often extends well into new fiscal year.	Apr	NLT 1 Apr CBO submits Annual Report to Budget Committees (intend to submit mid-Feb). NLT 15 Apr Budget Committees report first concurrent resolution to their Houses.
Appropriation bills follow fragmented Authorization approval- often well into new fiscal year.	May	NLT 15 May all Authorizing bills must be reported. NLT 15 May Congress completes action on first concurrent resolution.
	Jun	
1 Jul new fiscal year began.	Jul	
	Aug	
Authorizations/Appropriations Continue	Sep	NLT 7 Sep Congress completes action on all Appropriations bills. NLT 15 Sep Congress completes action on second required concurrent resolution. NLT 25 Sep Congress completes action on Reconciliation bill or resolution, or both.
	Oct	1 Oct new fiscal year begins. DOD budget estimates to OMB.
DOD budget estimates to OMB.	Nov	NLT 10 Nov President submits current services budget. Congressional hearings begin.
	Dec	

FIGURE 9

all new authorizing legislation must be reported. The purpose of this requirement is to allow consideration of related programs in a single measure. Thus, by 15 May the first budget resolution must be adopted. Failure to do so would impact adversely upon time available for budget-related legislation. Additionally, Congress may not consider revenue, spending, entitlement, or debt legislation until adoption is completed. This procedure sets budget "targets" in the aggregate as well as by individual functional category, which are intended to guide Congress as it enacts spending and revenue legislation through the Summer.

Section 307 of the Act forbids reporting of individual appropriation bills until the House Appropriations Committee has, "to the extent practicable," completed action on all regular bills. Although this provision applies only to the HAC, it will undoubtedly affect Senate action as well since the Senate must wait for the House to enact appropriations bills prior to beginning its floor consideration. Regardless, action on all regular budget authority and entitlement bills must be completed by the seventh day after Labor Day. This is a cruicial date because only three weeks remain until the start of the new fiscal year (1 October). It is during this short time period that Congress must adopt a second budget resolution and undertake a reconciliation process, if required. The second resolution sets a "ceiling" and theoretically represents a last minute, fine-tuning of the budget to prevailing economic conditions. Congress may use this resolution to direct committees with jurisdiction over spending, revenue or debt legislation to make any necessary "adjustments" to reconcile budget components with totals agreed upon in the second resolution. Changes are reported to Congress in a reconciliation bill. Congress may not adjourn for the year

until it has acted on the reconciliation legislation.

4. Impressions and Attitudes Concerning the Success of the Reforms

Throughout the investigation, various impressions and general attitudes regarding the Act and its chances of success were observed. The most prevalent attitudes noted among the Congressional staff members were optimism, confidence and resolve. Because Congress has publicly committed themselves in support of the Act, most felt it would be made to work. Also, the more senior members were encouraged by the high level of committee staff support and cooperation that had been exhibited thus far. CBO personnel were all very enthusiastic, candid and cordial. The Budget Committee members were also very cooperative but somewhat more cautious and guarded in their answers. The established standing committee staff members expressed more reservations but were resolved to make the process work. The OMB position was more skeptical, but they were pleased to have the CBO available as a Hill focal point for all budgetary matters. The DOD/DON views were mixed. Some individuals were less than optimistic and felt that the Act was just another government procedural mutation that in the long run would not change the budget process appreciably. Most felt that it would entail more work but were optimistic that new requirements could be met. Most people thought that it would be a definite improvement if it does succeed.

5. Implications and Potential Problems

a. Staffing and CBO Employment

Throughout the Fiscal 1976 "dry run" test period, the Budget Committees and the CBO have spent considerable time and effort in determining their staffing requirements and in recruiting highly qualified people. Staffing a new type of organization "overnight" is

always a difficult task; however, in this case, it was more difficult since the staffs were expected to be semi-operational almost from their inception and had little time to organize. The major consideration in this circumstance was the rapid acquisition of a staff nucleus with past experience and varied backgrounds in public policy analysis and Federal budgetary matters. To a large degree, people with these particular analytical skills, backgrounds and knowledge of how Federal programs and the budget process work were obtained from Executive Department agencies. In establishing an unbiased, analytical arm for Congress, it is rather paradoxical that it would be necessary to hire the initial staff cadre away from the Executive Branch. However, as exemplified by the comments of one senior staff member, "It is very difficult to find people with good defense backgrounds without going to DOD." Appendix F depicts the background of the defense/national security segments of the CBO and Budget Committee Staffs visited. With the exception of the CBO National Security and International Affairs Division, former Executive agency employees predominate the initial staffing. The hiring policy of the CBO National Security and International Affiars Division was planned to emphasize academic brilliance rather than past experience. In the long term, the CBO plans to achieve over-all staff depth and balance by hiring from three main sources: (1) Executive agencies, (2) independent research organizations, and (3) the academic community. Their hiring efforts are still underway.

One might speculate that these individuals' past, personal acquaintances and associations would serve to ease the problems of establishing friendly and informal working relations with the various Executive agencies. Also, they should better understand the internal

workings of the agencies and know just what kinds of budget and cost data might be available. This latter point, however, could work to the advantage or disadvantage of an agency. At any rate, the personal relationships should lessen the potential for any adversary tendency to develop. Several people expressed concern over the possible "incestuous" nature of such inter-department hiring practices and the overly amenable relationships that may develop between career staff specialists. They view this as a real danger which should be guarded against throughout the bureaucracy.

Several other organizational problems still facing the CBO involve definition of staff size and staff employment. The problem of deciding staff size will culminate in the Fall of 1975 when the CBO must submit a request for staff funding to the House Appropriations Committee. There are some members of Congress already criticizing the 259-member CBO staff that Dr. Rivlin has proposed for being too large and costly. Also, they feel there is too much duplication between the staffs of the CBO and the Budget Committees. Additionally, there is some difference of opinion concerning the scope of the CBO's work. There is pressure developing within Congress for the CBO to perform oversight work and conduct complete field investigations of each Government agency every five years [Ref. 53, p. 1928]. Dr. Rivlin's present position, however, is that the CBO does not have the necessary staff depth to be conducting program evaluations [Ref. 53, p. 1928]. The level of staff funding finally approved may provide some indication as to how strongly Congress will support the CBO in other matters.

b. Improved Information Flow and Disclosure

One of the major objectives of the Act was to provide Congress with improved information to facilitate the budget review and decision making processes. Additional data is to be submitted and an independent analytical capability has been established. Also, the Act authorizes the two Budget Committees and the CBO to obtain essential data and technical assistance from Executive Department agencies as may be necessary to aid Congress in making budget decisions. The Act appears to provide a better means for Congress to deal with the technical and confidential aspects which are inherent in many of DOD's budget issues.

The Budget Committees and the CBO were both questioned as to how they intended to validate budget information and ensure its accuracy. More specifically, they were asked to outline their criteria for judging the quality of the budget and cost data submitted. A synthesis of the various answers received from staff members follows.

First, in staffing most of these new offices, a great deal of emphasis was placed upon prior experience. Particularly in regard to defense issues and policy, it was evident very early that those possessing the requisite knowledge and skills would have to be recruited from within DOD itself. Therefore, there exists a large body of expertise which may serve as a validation check on defense related data subsequently received. The validation process will be done at every level and rely to a large degree on the vigilance of these "experts." The prevailing feeling was that these three new organizations - the Hill Troika - would evolve a formidable body of intelligence, experience and political savoir-faire required to ensure receipt of proper data.

In keeping with this approach, most of those interviewed suggested that there would be no formal, written criteria per se. Validation would be accomplished through existing contacts and relationships and would be based on trust and honesty. However, most were quick to point out that if these sources were to "dry up," there were many other external sources which could be tapped; for example, Brookings, Rand, universities, or local dissident groups. While all confided that independent studies by recognized "think tanks" and similar creditable institutions would be used routinely, most hoped that the use of "snipers" could be avoided.

Probably the greatest concern among all those interviewed was that the Hill Troika might isolate themselves and eventually lose touch with the reality of the problems.

From the DOD perspective, the new process is seen not only as requiring additional information, but also as a strong force for initially creating an additional level of detailed defense program analysis, particularly one that may tend to become overly involved in the internal working of the DOD budget decision making processes. However, there is a feeling that as the CBO's analytical capability develops, future Congressional budget debates will focus more on long-range issues. In this regard, a debate on long-range national issues may better serve the design of the legislative process by permitting Congress more time in which to react, assess the political climate and make necessary accommodations.

The matter of open access to internal Executive agencies' planning and budgeting information is significant and extremely sensitive. While the Act provides rather broad authority for the CBO

to secure necessary information from Executive agencies, this authority has not been envoked, explicitly defined, or flaunted. Apparently, with time on their side, the CBO will initially employ a less demanding approach and pursue the informal and amicable route. Hopefully, this approach, coupled with the threat of the alternative, will elicit a spirit of cooperation and result in the willing disclosure of necessary data without forcing the issue. At this time, the full disclosure issue remains largely unresolved and a potential source of future conflict.

c. Sensitivities of Legislative Jurisdiction

The Congressional Budget and Impoundment Control Act of 1974 deals with the internal Congressional budget process in a more sophisticated manner than any of the previous attempts to implement budget reforms and to develop a legislative budget. The new budget procedures were carefully designed to not offend the traditional power centers of Congress and to complement the traditional budget review and decision making processes. The Budget Committees were established to overlay the traditional committee structure, and their duties were defined not to threaten or encroach upon established jurisdictions [Ref. 42, p. 17]. Despite this care, the potential for jurisdictional problems still exists. The Budget Committees and the CBO have been very cautious throughout this "dry run" test period to avoid jurisdictional disputes or confrontations which might jeopardize the entire process. One of the highest priority objectives of the CBO staff is the building of a good rapport and reputation with the standing committees of Congress.

These sensitivities emerge in rather subtle or unexpected ways. One example surfaced in considering design formats for Congressional budget information reports. In this particular instance, the

format was to display "tiered" cost build-ups of budget estimates with one separate "tier" or cost element depicting an inflation increment. The Appropriations Committees were not expected to like such a format since it would clearly make the effects of inflation apparent to all members of Congress and would indicate how the Appropriations Committees subsequently allocated these allowances to the various appropriations. The implication would be that they considered the allocation of inflation effects among the various appropriations to be a matter within their purview, and to make such information general knowledge would infringe upon or lessen their discretion in making future allocations. Whether or not such a format was adopted is unknown.

When questioned regarding potential jurisdictional problems, the Armed Services Committees felt that the Budget Committees were more apt to transgress into the Appropriations Committees' established jurisdiction rather than their own. They were quick to point out that Senate Budget Committee Chairman Muskie's floor stand to influence Senate rejection of the Fiscal 1976 Defense Weapons Procurement Authorization Bill was not a jurisdictional dispute. In this particular case, Senator Muskie was enforcing fiscal restraints that were clearly his duty to enforce.

Those committee staff members interviewed did not foresee any significant Congressional power struggles resulting from the Act's reforms. Some power (unspecified) may shift as the process evolves; however, they view this shift as "nonzero-sum" in nature since, in effect, the committees will be sharing an expanded Congressional power-base that was derived at the expense of the Executive Branch.

d. Congressional Decision Making Processes

One of the Act's major objectives is to improve Congress' budget review and decision making capabilities. At this juncture, it is too early to discern any major changes or new trends in Congressional budget decision-making patterns. However, the Act has already changed or affected several of Congress' traditional outlooks and ways of doing business.

One significant change is found in Congress' resolve to undertake a process which implicitly involves many of the fundamental features of the Planning, Programming and Budgeting (PPB) approach to management and decision making. For the past decade, Congress has rejected the PPB approach on the basis that is was incompatible with their way of operating. In short, PPB implied making hard comparative choices and selecting certain policies from among alternatives. Such an approach implied internal conflict, a development Congressional committees had long tried to avoid [Ref. 28, p. 740]. What new development or change now allows the successful introduction of the PPB approach into the political decision making process of Congress?

Fundamentally, no one views PPB as a system which, in itself, makes decisions. Rather, it is a technique which should be employed as a tool to assist responsible officials in making more rational decisions. There is little argument that the Act's new procedures are different in some respects from the traditional manner in which Congress has operated. The basic change regarding the present Congressional adaptation of PPB techniques is really found in the underlying concept of the current budget reform being viewed as a true legislative initiative. Simply, it was designed by Congress to fit

their needs, so it is now basically acceptable. Viewed in this frame of reference, the Act's PPB-oriented features are a hybrid procedure designed to meet Congress' particular requirements and to operate in their own institutional environment. However, the PPB system and its associated analytical aids still should not be thought of in terms of a replacement for the traditional Congressional decision making process, but as another technique which can be employed within the context of the new budgeting process.

One staff member, who participated in the budget reform working group, roughly correlated the Planning, Programming and Budgeting functions with the Budget Resolution, Authorization and Appropriations phases of the Congressional budget process. The two Budget Resolution phases provide the planning function through consideration of alternatives, the review of aggregate spending levels and the establishment of fiscal restraints. The Authorizing phase provides the programming function by permitting the systematic review and approval of various Federal programs and program levels. The Appropriations phase finally translates the approved budget programs into annual funding levels. He foresaw three possible problems in attempting to make the PPB-oriented system work in the Congressional decision making environment. First, it might take some time for individual members to adjust to their new dual budget review roles. In a real sense, the new process requires each member to simultaneously concentrate on specific details of programs while keeping the broader fiscal issues in sight as the budget review process and emphasis shift from one phase to another. Second, the classical PPB system assumes a hierarchical organizational structure with decision making being centralized in a chief

executive. In this regard, the fragmented design of the Congressional decision making process may not accommodate such an approach. Third, and most important, annual time constraints may not allow sufficient time for the necessary review iterations to take place. In the political environment, the decision process must allow enough time for various constituent groups to provide inputs, maneuver and compromise.

An additional change is also noted in the traditional interchamber compromise mechanism - the conference report. Once reported, these compromise positions are normally accepted by both Houses. However, the various conferences must now consider a third factor in their deliberations - their appropriate joint budget resolution targets. Some feel that the joint resolution targets in many ways limit, restrict or invalidate the subsequent compromise discretion of the individual Conference Committees. Theoretically, both Houses and the Conference Committee should observe the same joint resolution target set in the Spring.

The Senate debate over the Fiscal 1976 Defense Weapons Procurement Conference Bill perhaps most clearly demonstrates that the Act has brought about a change to this traditional decision making feature. As one Senate Budget Committee aide summed it up:

> Stennis was saying basically, 'Look, the Senate bill was lower than the House bill, it went to conference, we (the Senate conferees) fought hard, we split the difference, and that's what the process is all about.' Muskie was saying, 'No, the process has been revised, the limits that were enacted in May are enforced both for the House and Senate ' [Ref. 53, p. 1925].

Another provision of the Act which may impact on the traditional Congressional decision making process is the public dis-

closure feature. Once Congress (or a member) has gone on record in the Spring for certain spending levels and programs, it will be more difficult to change or modify future positions.

V. CONCLUSIONS AND SUGGESTIONS

A. GENERAL

This research effort was principally directed toward an investigation of the new budget reform process and its attendant supporting organizations. In this manner, valuable insights, perceptions and implications were gleaned which will aid the defense establishment in reacting positively to this new set of budgetary requirements.

B. SYNOPSIS

A brief synopsis of the authors' findings related directly to the specific issues and questions posed in Chapter II follows.

1. Catalysts of Budget Reform

The immediate catalyst for enactment of the Congressional Budget and Impoundment Control Act of 1974 was the Nixon Administration and, specifically, the President himself. While reform had been attempted in the past, it was Nixon's brand of leadership and his relationship with Congress that precipitated this particular reform effort. His leadership was marred by a breakdown of comity between the Presidency and Congress, and his relationship with the Congress was one of confrontation rather than accommodation. The manner in which he impounded funds only served to aggravate an already strained situation. The escalation of Nixon impoundment actions and OMB's formidable power presented Congress with a very serious threat to its constitutional power of the purse.

2. Executive-Legislative Relationships

Since 1921, the President has dictated the content of his budget. Congress, in its fragmented approach, could offer no organized resistance. However, the Act has given Congress the mechanism to regain its alledged lost power of the purse. While a degree of antagonism between the two Branches of Government has always existed, the introduction of new budget reform procedures will inevitably spark future conflicts.

It is still unclear as to what degree of Executive Department budgeting information will be requested by Congress. One can expect that if sensitive, internal information is required, the Administration will not want to reveal its plans regarding future initiatives. On the other hand, Congress not only has a legal right to this data, but if the United States is to solve some of its deep-rooted fiscal problems, it may have a moral right as well. Since implementation of the Act, information has been requested on an informal and friendly basis; however, the threat of a formal request or demand for additional, detailed information is a distinct possibility.

The current services budget offers a prime example of how contrary views can lead to possible conflict. Congress had hoped that the current services budget would simply be mathematical projections of spending and revenues, without political judgments. On the other hand, OMB said that the best they could do was to identify a range of spending that might be required to maintain the present fiscal programs through the next fiscal year. Because of the complexity of the Federal budget, making projections from the present year to the next can be, at best, little more than an educated guess and, at worst, may be subject to

political manipulation. Regardless, the current services budget is sure to become one of the most controversial items in the entire budget making process, and yet it will be one of the most unique and sought after documents.

As an update, the Department of Defense submitted its current services estimates for Fiscal 1977 to OMB on 22 September 1975, well in advance of Congress' 10 November submission deadline. The accompanying cover letter, signed by James R. Schlesinger, noted that Congress had not acted upon the Defense's Fiscal 1976 budget requests, except for rejecting its Weapons Procurement Authorization Bill, and implied that in this light, submission of current service estimates would mean little. The estimates given were, in fact, highly aggregated.

3. Intra-Congressional Conflicts

Creation of the three new Congressional budget processing organizations - the Hill Troika - was carefully structured to avoid threatening established committee jurisdictions. In this regard, the tack taken thus far by the three new entities has been one of non-abrasiveness. This has been particularly true with the CBO and the House Budget Committee. The Senate Budget Committee, on the other hand, under the leadership of Chairman Edmund S. Muskie (D-Me), has been much more prone to flex its new muscles. Senator Muskie, however, has been very careful to stay well within his legal mandate, doing only what the Act prescribed.

The above notwithstanding, a potential conflict does exist. The major unresolved problem stems from the varied interpretations of the Budget Committees' jurisdiction. The two opposing views are: (1) jurisdiction is limited strictly to those items assigned in the Act; and

(2) jurisdiction extends to all budget related matters not strictly within another committee's purview.

The undeniable fact is that the Hill Troika represents yet another layer of bureaucracy. Three more organizations are now looking for a niche and a piece of the "action." In short, the new committees have very little to lose, while the established committees possibly stand to lose more.

4. Congressional Decision Making Process

The Act provides for establishment of an institutional and procedural framework from which Congress can give more orderly and informed attention to each Federal budget submission. However, the new budgetary framework will work only if Congress wants it to work. The Act also provides the mechanism to assist Congress in changing its decision making process, if it so desires.

The most fundamental stumbling block to Congressional budget reform may be Congress itself. Congress is almost 200 years old. It has generated considerable momentum and developed many habits during those 200 years. As a legislative institution, it represents many different areas, groups and needs, and has historically reached decisions through an incremental approach. Five hundred thirty-five Congressmen must now make the same kind of politically, sensitive judgments as to which parts of the budget to increase or decrease that one highly centralized Executive agency, OMB, presently makes while preparing the President's budget. Whatever the overriding merits of responsible fiscal policy, Congress and its members must also respond to other imperatives, such as political pressures or constituency desires.

In attempting to modify the process of enacting a Federal budget into a rational whole, one must expect Congressional decision making to change. Regardless, whether the reform efforts succeed or fail, the traditional legislative process has already been changed and it will take several years for the Congressional decision making mechanism to adjust. Thus, to what degree the process will be modified must remain mostly unanswered until the complicated procedure becomes fully effective for a period of time. As an update, it appears that things may indeed be changing. At least, there is a different way of doing business. Witness the significant influence that Senator Muskie (D-Me) and his Senate Budget Committee have had in keeping the lid on the Fiscal 1976 budget.

5. Improved Budgetary Information

If Congress is to succeed in its budget reform efforts, it must be provided accurate and meaningful information. The Act provides Congress with a separate analytical arm to collect, analyze and display budget information in various formats. The Congressional Budget Office appears well on its way to establishing itself as a highly competent and professional organization capable of carrying out its tasks. The CBO has at its disposal the necessary tools to ensure that all vital data is obtained and utilized. Additionally, it is keenly aware of the many pitfalls on Capitol Hill, such as advocacy, and is resolved to avoid them.

6. Setting National Priorities

The setting of national priorities is a procedure which is inherent to the overall budget making process itself. There are a couple of things which cast a new light on the subject of priorities.

First, the Act establishes procedures which allow Congress to discuss and debate the budget early in the review cycle. Secondly, during the same time frame, Congress is afforded the opportunity to view the budget in its entirety. Thirdly, Congress has the capability through the CBO to look at various alternatives and their economic impacts. It is during this period that the Budget Committees recommend functional category targets which in effect represent the budgeting priorities as they see them. The targets Congress decides upon are simply that, and as such, may be modified for any number of reasons as the process progresses through the appropriations phase. Thus, Congress debates the entire budget early, is able, with the aid of the scorekeeping function, to track its progress throughout the Summer months, and finally gets a last chance to discuss and vote on its total size and composition before final enactment. The Act sets up program evaluation provisions which will provide Congress with accurate and timely feedback regarding the cause-effect relationship between program results and Congressional goals. This feedback provides a necessary link in considering budget alternatives and competing national priorities.

In the final analysis, national priorities are determined through Congressional give-and-take, which results in appropriations bills. The Act simply underscores its importance and provides additional provisions to permit Congressional control. Ultimately, national priorities are little more than a synthesis of Congressional political judgments.

7. Timetable and Timing

Firm dates were prescribed in the Act to encourage an orderly consideration of the budget. Failure to complete action of a particular

event for any reason may well affect latter actions, although Congress does have the option to waive any deadline.

Of primary concern was whether there would be sufficient time to allow the iterative-type process deemed so necessary. In other words, all parties must be afforded the opportunity to provide inputs, receive feedback, and respond again as many times as necessary to reach a concensus decision.

The majority believed that the timetable is too rigid and appropriate modifications will be required as experience is gained.

8. Success or Failure

It is much too early to answer unequivocally that the new budget reform will succeed or fail. However, the longer it lasts, the better are its chances of survival and success. Below are listed key factors in predicting its success or failure, as perceived by the authors.

a. Factors Pointing to Success

(1) Three new organizations (House and Senate Budget Committees and the Congressional Budget Office) to assist in implementation.

(2) High quality of staff personnel in these three new entities.

(3) Strong support and enthusiasm among Congressional members and staff personnel.

(4) Congressional leadership, unlike in past reform efforts, has an opportunity to play a significant and expanded role throughout the budget process.

(5) Earlier reform experiences. Somewhat related to

the preceding item, the present reform effort has profited from past failures and has been more carefully formulated to elicit broad Congressional support.

(6) Unprecedented amount of publicly announced support from Congress and its individual members will help to make it work.

(7) Trail run for FY76 has been a good exercise. It has given the Budget Committees and CBO an opportunity to organize and gain experience, while assessing strengths and weaknesses.

(8) Time has allowed both Houses to identify and correct procedural problems.

(9) Outward support from the Administration.

(10) True legislative reform effort has resulted in a loose alliance of senior committee staff members who are resolved to make the process work.

(11) Open nature of the budget review and debate process.

b. Problem Areas

(1) Public pressures. The open nature of the review process, particularly the advance budget position feature inherent in the First Budget Resolution, may subject Congress to undue public pressure for or against future revisions. Once Congress (or a member) has adopted a position, pressure could be exerted for a future change; or conversely, Congress may hesitate to change an adopted position for fear of public criticism. Such pressures could further complicate the decision process.

(2) Unresolved intra-Congressional problems.

(3) Traditional fiefdom nature of Congress.

(4) Current national economic conditions.

(5) Cumbersome layer of bureaucracy.

(6) Executive sensitivity to divulging future initiatives.

(7) Criticality of timing causes real concern in carrying out the complete budget review process. The problem arises in allowing the process sufficient time and latitude to shift back and forth between macro and micro considerations. This vital iterative cycle must be afforded wide representation to ensure all constituents and interest groups are allowed to make their inputs. A power struggle of any type would debilitate and probably wreck the entire process.

With the passage of the Act, Congress provided the legal framework to regain its intended role in the budget making process. However, with this transfer of power goes a commensurate amount of fiscal responsibility. The power can be reinstated easily, but the fiscal responsibility can only be brought back slowly by Congressional members themselves. To recapture this quality, the members must be willing to hold themselves to the new procedures and rebuild fiscal discipline. This resurgence may take several years.

It is evident that a number of the outlined strengths and weaknesses may play a role in determining whether the process is a success or a failure. Two messages, however, have been made clear: (1) Congress is resolved to implement these needed budget reforms, and (2) their collective prestige has definitely been publicly exposed. It appears that the real test will come in the Spring of 1976 when, by 15 May, the disparate views of all members of Congress must be shaped into a single statement of budget goals stating targets for individual programs for the Fiscal 1977 budget. As succinctly expressed by one senior staff member, "It is a process which can't work, but it has to."

9. Implications and Problems for DOD and Navy

Clearly this budget reform brings with it an expanded Congressional effort in scrutinizing the Department of Defense budget. Defense can expect to deal with yet another layer of bureaucracy. Additional relationships and communications channels will have to be developed to handle inquiries generated by the new organizations. The Act also confers broad authority on the CBO for obtaining necessary budget information from Executive agencies. Further, the law provides Congress with the mechanism to deal better with both the technological and confidential aspects inherent in many DOD budget issues. These two areas have often hampered Congressional inquiry in the past. How much information Congress will want or to what level of detail they will delve is still unknown, but it is evident that all these additional demands will result in a greater workload for DOD and the Navy.

Congress' request for five-year projections of DOD budget authority and outlays could carry severe implications for both DOD and Navy. If the data required is to reflect aggregates and totals, there probably will be relatively little objection. However, if detailed "line-item" data similar to that contained in the DOD and/or Navy FYDP is requested, then there will be problems and plenty of objections since this information, in its present form, was intended only for DOD internal planning and decision making purposes. The authors' conclusion is that eventually Congress will want FYDP type data.

After 1 October 1979, the Executive budget must contain "a detailed structure of national needs which shall be used to reference all agency missions and programs." The Senate Budget Committee Defense Task Force has already taken this project under consideration. It is the

opinion of the authors that DOD should take an early, active interest in this matter to ensure that the DOD program structure devised is one that is compatible and acceptable to DOD.

Change of the fiscal year from 1 July to 1 October, through the use of a three-month transition period (FY7T), should pose few long-range problems for DOD/Navy. In the short-run, it will cause a number of headaches, not the least of which is changing the accounting and reporting systems. It is understood that FY7T will be treated as a regular fiscal year; therefore, all accounts will have to be closed out, all funds alloted, etc., exactly as if a 12-month fiscal year had passed. This short, "extra" accounting year will create an additional workload.

An area of major implication for DOD/Navy is the fact that henceforth Defense will be treated equally with the other 15 functional categories like Health and Agriculture. Although several people on Capitol Hill felt that Defense should be treated separately, the majority saw Defense as simply another category fighting for its share. The Defense establishment has recognized that they are now competing in a new arena with other functions which command strong Congressional support. The traditional manner of relying almost exclusively on the House and Senate Armed Services and Appropriations Committees to determine the Defense budget may no longer be a completely valid approach.

A major DOD concern is that Congressional budget actions may transmit incorrect signals regarding our defesne posture to the rest of the world. At a press conference late in October 1975, Secretary Schlesinger blasted the House for "deep, savage and arbitary cuts" in the defense budget. News media reported that this outburst was prompted by

Dr. Schlesinger's fear that the new budget process poses a long-term threat to the Pentagon. Insiders said that Schlesinger believed the dynamics within the Congress had changed dramatically since last year, primarily because of the new budget reform effort [Ref. 30].

Many believed the Defense Secretary made a grave error in openly attacking DOD's long-time friend, George Mahon (D-Tex), and his House Appropriations panel.

A very short time later, 2 November 1975, Dr. Schlesinger was removed from the Secretary of Defense position by President Ford. Ostensibly, Ford relieved Schlesinger because he wanted his "own man" in that job; however, many recalled in April 1974 when the then Vice-President Ford criticized Schlesinger for not knowing how to deal with Congress [Ref. 18].

C. SUGGESTIONS FOR FURTHER RESEARCH

The effort undertaken in this thesis represents but an initial step toward understanding and assessing the implications of the Congressional Budget and Impoundment Control Act of 1974. The Act is still in its embryonic stages with full implementation not scheduled until next year. It represents a dynamic process; one which will be unfolding for the next several years. It affords numerous and exciting opportunities for further research. In this regard, many of the questions originally posed went unanswered. The authors found that in some instances their questions were unanswerable. In most cases, they were premature, and the evidence on which to base an answer was simply not yet available. In the opinion of the authors, further research should be directed in the following areas:

1. effects of the new budget process on the defense portion of

the budget vis-a-vis other major functional categories;

2. study of Congressional decision making patterns to ascertain any evidence of significant changes; e.g., more rational, fiscal or programmatic;

3. studies of Budget Committee members, their voting profiles (pro or anti national security), evolving committee norms, nature of TF hearings and the geographic mapping of Budget Committee members' constituency as related to the defense industry;

4. an analysis of the Congressional budget process, its critical time deadlines and future accommodations required to ensure workable reforms;

5. study of the CBO to ascertain the nature and type of Executive agency budget information which they eventually deem necessary to perform their analytical studies;

6. analysis of the efforts to develop the comprehensive Congressional budget information system and the Government-wide program structure to discern the impacts of shifting to program-oriented budget data;

7. an analysis of CBO influence on defense budget alternatives and issues. What issues do they deem most important and where do they appear to be getting their guidance regarding development of these issues?

8. an investigation of the realities surrounding Congressional power shifts, decision rule changes, and new ways of doing business.

* * *

> Serving diverse purposes, a budget can be many things: a political act, a plan of work, a prediction, a source of enlightenment, a means of obfuscation, a mechanism of control, an escape from restrictions, a means to action, a brake on progress, even a prayer that the powers that be will deal gently with the best aspirations of fallible men.
>
> Aaron Wildavsky, 1964

APPENDIX A

Details of Research Methodology

1. LITERATURE RESEARCH

Initially, the authors undertook a fairly comprehensive survey of the available, pertinent literature written about Congressional behavior, decision making, information exchanges, committee interactions, budget processes and budget reform [Refs. 12, 15, 16, 17, 21, 26, 27, 28, 31, 50 and 73]. These readings served a dual purpose by providing a basic understanding of Congressional processes and actions and affording insights into those research techniques and methodologies which had been employed previously in investigating various aspects of Congressional behavior. In short order, the research effort was focused on the more specific issue of Congressional budget reform and the "dry run test" of the newly enacted Congressional Budget and Impoundment Control Act of 1974 conducted during the Fiscal 1976 Federal budget cycle (January-November 1975).

The second phase of the literature research, consequently, concentrated on a detailed study of the Senate hearings for improving Congressional control of the budget [Ref. 66], the legislative history of the Congressional Budget and Impoundment Control Act of 1974 [Ref. 62], and the provisions of the Act itself [Ref. 68]. Additional background information was obtained through the review of several recent journal articles on the subject [Refs. 9 and 33-36]. Also, the unfolding saga of the Fiscal 1976 budget cycle "dry run test" was followed closely by reading material in the current issues of Congressional Quarterly Weekly Report, National Journal and the local and national

newspapers. At this juncture, it was concluded that the Act's three newly created instrumentalities - the Congressional Budget Office, the House Budget Committee and the Senate Budget Committee - were of primary interest and importance. It was decided, therefore, to concentrate future research efforts on examining the operation of these three new organizations and in determining the realities of the Act's various budget reform measures, particularly as they related to or impacted upon Department of Defense and Navy budgetary matters.

Since the Act was relatively new and its reforms were untried, very little written information was available beyond general explanations of the Act's basic legal provisions, organizational and procedural changes and implementation dates. As could be expected in the formulative stages of this complex undertaking, very little detailed knowledge regarding the realities of implementing various provisions of the Act and the internal workings of the three new organizations was available or chronicled. Since there was so little documented information of this nature available, the authors concluded that such information and insight should be obtained from those individuals intimately involved and familiar with the Act's implementation. A trip to Washington, D.C. by the authors was considered necessary not only to gather additional data, but also to gain first-hand impressions.

2. PREPARATIONS FOR FURTHER RESEARCH

To establish initial contacts, several telephone calls were made to the Washington area. Specifically, liaison was established with the CBO, the Navy Department Office of Legislative Affairs (OLA), Naval Operations Congressional and Policy Coordination Branch (OP-906) and

the Navy Office of the Comptroller, Appropriations Committee Liaison (NAVCOMPLIA). All contacts were fruitful and indicated a willingness to assist the authors by providing available data and in arranging additional interviews. In all cases, the contacts indicated that interviews would not be pre-scheduled until the authors were on the scene.

In the meantime, the CBO forwarded some additional background information which provided more insight into their organization, staffing and reports. At the request of the CBO contact, a list of general questions [Appendix AA] was prepared and submitted to convey some idea as to the nature of the information desired by the authors. These questions were intended to address functions and responsibilities assigned by the Act to the CBO and were compiled based upon the authors' early interpretations of the Act's provisions. Although rather specific in some instances, the list was to serve as a guide and was not intended to be comprehensive in its scope.

In preparation for the thesis research trip, the authors continued their literature search, especially monitoring the current periodicals and newspapers. The legal provisions of the Act were studied in greater depth in order to formulate pertinent interview topics and questions. Knowledge of interviewing skills and techniques was acquired by readings in several excellent books on the subject [Refs. 3 and 10].

Prior to embarking on the interview phase, it was considered necessary to expand the sphere of the research effort to include not only members of the CBO, HBC and SBC, but also members of the House and Senate Armed Services Committees (HASC and SASC), the House and Senate Appropriations Committees (HAC and SAC), the General Accounting

Office (GAO), Office of Management and Budget (OMB), Office of the Secretary of Defense (OSD) and Department of Navy (DON). In the case of OSD and DON, the effort would be restricted to appropriate or key personnel involved either directly in the budget process or in Congressional liaison matters. Also, it was decided to limit Congressional committee interviews primarily to senior staff members. This procedure was adhered to with one exception which will be explained in the following section. This expansion was deemed necessary to permit a more complete or encompassing view of the new budget process and to provide a broader cross section of participant's perceptions and insights.

3. INTERVIEW PHASE

The major input to this thesis came from a ten-day period (2-13 September 1975) of intensive interviews in Washington, D.C. The visit was timed to coincide with the return of the 94th Congress from their Summer break and to best accommodate the authors' class schedule. Congressional budget activity was at a very high level, and the Act had just undergone one of its first real tests. The SBC, under the leadership of Chairman Muskie (D-Me) was able to exert enough influence to have the conference report on the Fiscal 1976 Defense Weapons Procurement Authorization Bill rejected by the Senate on the grounds that it would inevitably bust the national defense budget target. This rejection put Senator Muskie and Senator Stennis (D-Miss), Chairman of the SASC, on a collision course. While all this activity was interesting, it did create some problems in the obtaining and scheduling of desired interviews, particularly those with the Congressional committee

staffs. In many instances, interviews had to be slipped, cancelled and/or rescheduled. The authors had to be extremely flexible and quick to take advantage of appointment opportunities as they materialized.

As noted earlier, contact points had been established for initial Washington visits and for arranging further interviews. OLA was visited first in order to officially introduce the authors and to establish the purpose of the trip. The first three days were devoted primarily to interviewing OSD and DON personnel. The last five days were spent interviewing OMB, GAO, CBO and Congressional committee (HBC, HASC, SBC and SASC) staff members. Also, a HBC, National Security Programs Task Force hearing, concerning the matter of defense budget alternatives, was attended. With the help and guidance of the OLA, NAVCOMP and CBO contacts, the authors arranged appointments for most of the other interviews. NAVCOMP was particularly helpful in suggesting knowledgeable contacts and in arranging meetings with OSD, OMB, HBC and SBC staff personnel.

In view of time restrictions, OSD and DON interviews were limited to those people directly involved in the budget process or in Congressional liaison duties. On "Capitol Hill," the investigation, for the most part, was limited to staff personnel, especially those specifically involved in analyzing or processing the defense budget. Senator Nunn (D-Ga) was interviewed because of his unique position as a member of both the SBC and the SASC. Thus, interviews conducted were not randomly generated, but were with people highly qualified and intimately involved in the new budget process. All persons interviewed were extremely candid and very interested in discussing their roles and

thoughts regarding implementation of the Act. Only one of the individuals contacted did not desire to be interviewed. Thirty-five (35) people were officially interviewed for a total of approximately fifty-six (56) hours. Interview durations ranged from fifteen minutes to several hours, with the average being about one and one-half hours. Of the total interview time accumulated in this period, a little more than sixty percent was devoted to the CBO, GAO and Congressional committee staffs, while a little less than forty percent was devoted to OSD, DON and OMB.

The interviews were all semi-structured. No formal interview schedule or questionnaire was utilized. Instead, a standardized list of questions to be discussed with each type respondent was prepared, committed to memory and raised in each interview as time would permit. Certain key questions, for the most part open-ended, were asked of all interviewees holding similar positions. These questions were designed to tap personal perceptions and insights. When practicable, the biographical data [Ref. 5] and present position of the respondent vis-a-vis the budget process would be reviewed prior to the interview. Also, some questions would be tailored for a particular individual. As the interviewing proceeded, additional questions were raised based on information gleaned in earlier conversations. The interviews were kept flexible in order to allow particular subjects to be broached with those individuals best prepared to discuss them. More often than not, the prepared questions served only as a guideline. Many respondents needed only to hear the authors' introductory remarks, after which they would discuss the subject openly.

In order to get as much as possible out of each interview, both authors were present for all sessions and alternated taking notes and asking questions. This technique enabled each author to follow through on a specific topic without interruption or hesitation for writing. Following this procedure also helped to ensure that the interview did not stray from the primary issues. The essence of these conversations were captured immediately; however, any direct, unattributed remarks or quotations are only approximately verbatim. Note taking might have lessened the spontaneity of some interviews; however, it did not visibly disturb any of the respondents.

The use of a portable tape recorder was originally planned; however, it was quickly learned that the respondents did not desire to have these conversations recorded. Even though notes were taken, each interviewee was either explicitly or implicitly guaranteed anonymity.

Although the tape recorder was not employed in actual interviews, it was used extensively to record the thoughts and impressions of the authors after each interview session. More often than not, because of the busy interview schedule, these recapitulations were accomplished in the evening. This technique served three major purposes. First, it ensured that the facts were correctly interpreted and completely recorded. Secondly, it served as a sounding board for the authors' own ideas which had been stimulated during a particular interview. Finally, it provided a readily accessible summary of the information for future reference.

APPENDIX AA

Study Topics/Questions Submitted to the CBO

1. How should the general format of the President's budget submission differ from previous year's submissions? (Data elements, program structure breakdown, etc.)

2. What information and effort will be required of Executive Branch agencies in preparing the budget submission?

3. Within the initial budget major functional area breakdown, how will individual programs/program elements be broken out and identified; i.e., how will this data be further subdivided, displayed and analyzed?

4. In analyzing the budget, what information sources will be utilized? How will these data sources be validated and organized?

5. What management information systems and analytical techniques will be employed in analyzing the budget?

6. Will only major programs be analyzed? What other services will you provide?

7. To what extent and how will ADP be used?

8. How will budget alternatives be developed and evaluated? (Externally, internally or both?)

9. In considering budget alternatives, how will policy matters (internal and external), confidentiality and advocacy problems be dealt with? Objective analysis or policy from within CBO?

10. How will you ensure that all the correct or viable alternatives have been presented and considered?

11. To what extent will existing Congressional expertise be employed in determining alternatives? How will this expertise be tapped?

12. In order to have good defense, a certain amount of intelligence must be incorporated. How does CBO intend to accomplish this? Will CBO have access to JSOP throughout the entire budget process?

13. What interface will CBO have with NSC?

14. Prior to formal submission, does the CBO intend to become directly involved in the DOD budget preparation and review process? If so, at what stage and at what levels?

15. What specific communication channels (formal and informal) will be utilized in processing the DOD budget submission? When will these channels be used and by whom?

16. What criteria will be utilized to judge the utility and accuracy of financial and budgetary information received from Executive Department agencies?

17. Using this criteria, how would you rate the utility of this information presently being received for your needs?

18. What will be your informational outputs? (Form, type, distribution, frequency, etc.).

19. What will be the CBO's relationship with the House and Senate Budget Committees and their staffs?

20. What do you foresee as your new role or position vis-a-vis the House and Senate Armed Services Committees?

21. What will be the relationships between the House and Senate Budget Committees and the House and Senate Armed Services Committees?

22. What are the CBO staff's capabilities and limitations? What unique qualities does it possess?

23. Do you envision being hampered by the present budget process timetable? Do you think that it will restrict the reform effort?

APPENDIX B

House Budget Committee Members

Members	Other Committees
Brock Adams (D-Wash), Chairman	Interstate & For. Commerce
Thomas P. O'Neill, Jr. (D-Mass)	Majority Leader
Jim Wright (D-Tex)	Govt. Ops/PW
Thomas L. Ashley (D-Ohio)	Banking/Mer. Mar. and Fish.
Robert N. Giaimo (D-Conn)	HAC
Neal Smith (D-Iowa)	HAC/SB
James G. O'Hara (D-Mich)	Education
Robert L. Leggett (D-Calif)	HASC/Mer. Mar. and Fish.
Parren J. Mitchell (D-Md)	Banking/SB
Omar Burleson (D-Tex)	Ways and Means
Sam Gibbons (D-Fla)	Ways and Means
Phil M. Landrum (D-Ga)	Ways and Means
Patsy T. Mink (D-Ha)	Education/Interior
Louis Stokes (D-Ohio)	HAC
Harold Runnels (D-NM)	HASC/Interior
Elizabeth Holtzman (D-NY)	Judiciary
Butler Derrick (D-SC)	Banking/SB
Delbert L. Latta (R-Ohio)	Rules
Elford A. Cederberg (R-Mich)	HAC
Herman T. Schneebeli (R-Pa)	Ways and Means
James T. Broyhill (R-NC)	Interstate & For. Commerce
Del Clawson (R-Calif)	Rules
James F. Hastings (R-NY)	Interstate & For. Commerce
Garner E. Shriver (R-Kan)	HAC
Barber B. Conable, Jr. (R-NY)	Ways and Means

APPENDIX C

Senate Budget Committee Members

Members	Other Committees
Edmund S. Muskie (D-Me), Chairman	Public Works/Govt Ops
Warren G. Magnuson (D-Wash)	SAC
Frank E. Moss (D-Utah)	Commerce
Walter F. Mondale (D-Minn)	Finance/Labor/SB
Ernest F. Hollings (D-SC)	SAC/Commerce
Alan Cranston (D-Calif)	Vet. Affairs/Labor
Lawton Chiles (D-Fla)	SAC/Govt Ops
James Abourezk (D-SD)	Interior/JUD.
Joe Biden (D-Del)	Foreign Rel/Banking
Sam Nunn (D-Ga)	SASC/Govt Ops
Henry Bellmon (R-Okla)	SAC/AG
Robert Dole (R-Kan)	Finance/AG
J. Glenn Beall, Jr. (R-Md)	Labor/Commerce
James L. Buckley (R-NY)	Public Works/Commerce
James A. McClure (R-Idaho)	Interior/Public Works
Pete V. Domenici (R-NM)	Public Works

APPENDIX D

Senate Budget Committee Task Forces and Members

Task Force	Members
Energy	Frank E. Moss, Chairman Ernest F. Hollings Joseph R. Biden, Jr. Sam Nunn Pete V. Domenici J. Glenn Beall, Jr. James A. McClure
Defense	Ernest Hollings, Chairman Warren G. Magnuson Alan Cranston Lawton Chiles James Abourezk Robert Dole James L. Buckley
Tax Policy and Tax Expenditures	Walter Mondale, Chairman Frank E. Moss James Abourezk Joseph R. Biden, Jr. Robert Dole J. Glenn Beall, Jr. Pete Domenici
Capital Needs	Lawton Chiles, Chairman Warren G. Magnuson Walter F. Mondale Sam Nunn J. Glenn Beall, Jr. James L. Buckley James A. McClure

APPENDIX E

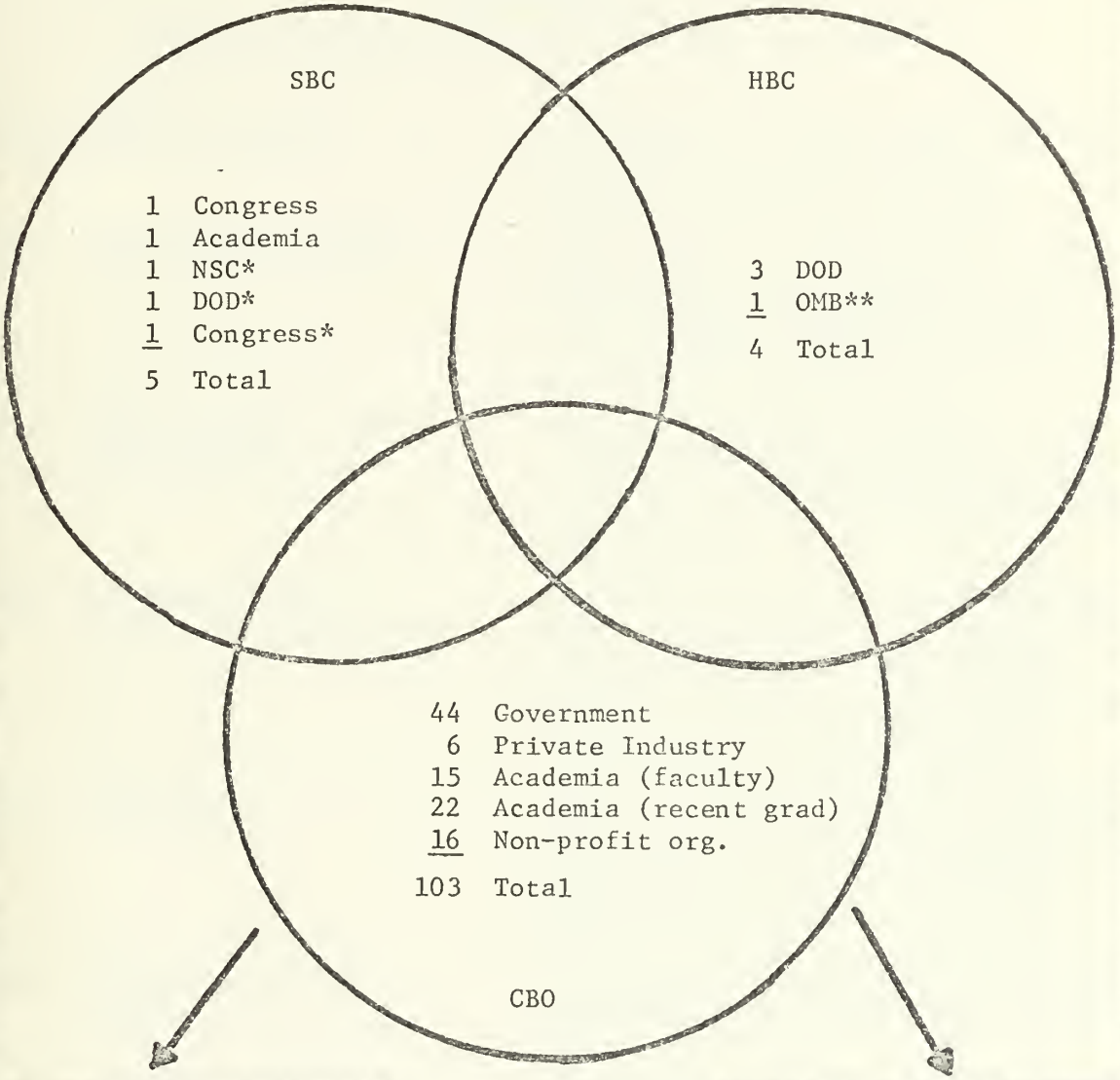
House Budget Committee Task Forces and Members

Task Force	Member
Budget Process	Brock Adams, Chairman Thomas L. Ashley James G. O'Hara Robert N. Giaimo Robert L. Leggett Butler Derrick Delbert L. Latta Elford A. Cederberg James T. Broyhill Barber B. Conable, Jr.
Tax Expenditures	Sam Gibbons, Chairman Elizabeth Holtzman Omar Burleson Neal Smith Harold Runnels James T. Broyhill Barber B. Conable, Jr.
Economic Projections	Thomas L. Ashley, Chairman Jim Wright James G. O'Hara Phil M. Landrum James T. Broyhill Del Clawson
National Security Programs	Robert N. Giaimo, Chairman Omar Burleson Robert L. Leggett Delbert L. Latta Garner E. Shriver Phil M. Landrum
Human Resources Programs	Parren J. Mitchell, Chairman Sam Gibbons Louis Stokes Butler Derrick Neal Smith Elizabeth Holtzman Herman T. Schneebeli Del Clawson James F. Hastings Garner E. Shriver

Task Force	Member
Physical Resources Programs	Jim Wright, Chairman Harold Runnels Herman T. Schneebeli Del Clawson
Community Resources Programs	Patsy T. Mink, Chairman Parren J. Mitchell James F. Hastings Garner E. Shriver

APPENDIX F

SBC/HBC/CBO Staff Employment Background



Budget Analysis Division
Defense Estimates Section

4 DOD
1 OMB
0 Others
5 Total

National Security and International Affairs Division

3 DOD
6 Recent graduate
3 Government
3 Non-profit org.
15 Total

* Assistant/not full time
** OMB - National Security Division

APPENDIX G

Budget Functional Classification Codes and Titles

050	NATIONAL DEFENSE	This function includes those programs directly related to the common defense and security of the US.
150	INTERNATIONAL AFFAIRS	This function is concerned with the establishment and maintenance of peaceful relations, commerce, travel, and development between the US and the rest of the world.
250	GENERAL SCIENCE, SPACE AND TECHNOLOGY	The purpose of this function is to show all science and research activities of the Federal Government where the goal is man's general advancement of knowledge.
300	NATURAL RESOURCES, ENVIRONMENT, AND ENERGY	This function includes those programs whose primary purpose is to develop, manage, and maintain the Nation's natural resources and environment or to promote the conservation and development of energy resources.
350	AGRICULTURE	This function includes those programs that promote the economic stability of agriculture and the capability to maintain and increase agricultural production.
400	COMMERCE AND TRANSPORTATION	This function includes the promotion and regulation of commerce and transportation.
450	COMMUNITY AND REGIONAL DEVELOPMENT	This function consists of broad-based community and regional development programs and programs concerned with urban and rural renewal.
500	EDUCATION, MANPOWER AND SOCIAL SERVICES	This function includes those outlays designed to promote the general extension of knowledge and skills and/or to assist individuals to become self-supporting members of society.
550	HEALTH	This function involves those programs that have as their basic purpose the promotion of the physical and mental health of the Nation's population, including the prevention of illness and accidents.

600	INCOME SECURITY	This function includes payments to persons for which no current service is rendered.
700	VETERANS BENEFITS AND SERVICES	This function consists of programs providing benefits and services, the eligibility for which is related to military service but which are not an integral part of national defense.
750	LAW ENFORCEMENT AND JUSTICE	This function includes those programs designed to provide judicial services, police protection, law enforcement: including civil rights, rehabilitation and incarceration of criminals, and promotion of the general maintenance of domestic order.
800	GENERAL GOVERNMENT	This function includes the general overhead costs of the Federal Government including legislative and executive activities; provision of central fiscal, personnel, and property activities; and the provision of services that cannot reasonably be classified in any other major function.
850	REVENUE SHARING AND GENERAL PURPOSE FISCAL ASSISTANCE	This function includes Federal aid to State, local, and territorial governments that is available for general fiscal support or is available for distribution among programs involving two or more major budgetary functions when the distribution among those functions is at the discretion of the recipient jurisdiction.
900	INTEREST	This function includes interest on the public debt, on uninvested funds, on tax refunds, and interest recorded in budgetary receipt (proprietary or intragovernmental) accounts (except for interfund interest received by trust funds).
950	UNDISTRIBUTED OFFSETTING RECEIPTS	Three groups of offsetting receipts are: -employer share, employee retirement (including both interfund transactions and receipts from off-budget Federal agencies); -interest received by trust funds (composed exclusively of trust interfund interest deposited into receipt accounts); and -rents and royalties on the Outer Continental Shelf.

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